

# The Republicans

SPECIAL  
CONVENTION  
ISSUE

# TIME

## THE MIND OF MITT

By Barton  
Gellman

### THE PATRON SAINTS OF PAUL RYAN

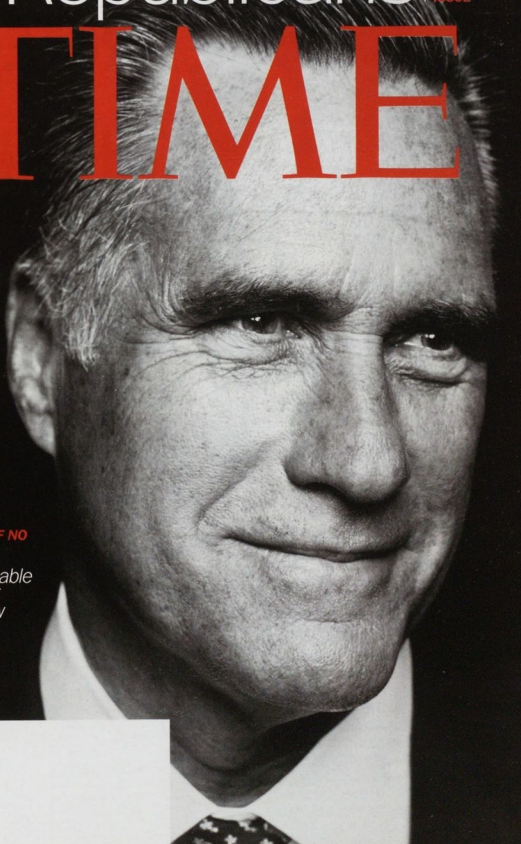
By Michael Crowley

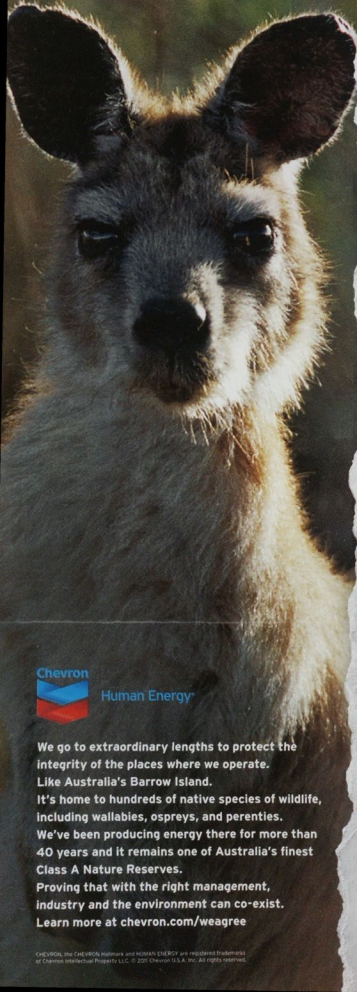
### GRAND OLD PARTY OF NO

By Michael Grunwald

*'I feel very comfortable  
with people taking  
a good look at how  
I've lived my life.'*

### THE ROMNEY INTERVIEW





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*Harry Butler*  
Dr Harry Butler  
Australian Naturalist

*Russell Lagdon*  
Russell Lagdon  
Environment Manager  
Chevron

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Photograph by Peter Hapak for TIME

## SPECIAL GOP ISSUE

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Former Vice President Dan Quayle

Paul Ryan and Mitt Romney in New Hampshire on Aug. 21. Photograph by Peter Hapak for TIME

# Editor's Desk

TIME stories that elicited the most mail

Paul Ryan's  
Grand Vision

10 Ways Mobile  
Technology Is  
Changing Our World

The Fast  
and the  
Curious

## The Real Business Of America



"THE CHIEF BUSINESS OF THE American people," Calvin Coolidge famously said, "is business." But voters have never been sold on the idea of a businessman in the

White House. In theory, yes, why not run the government like a business? But candidates from Henry Ford to Ross Perot to Herman Cain can testify that voters don't fully buy that argument.

Mitt Romney's case is a little different. He was a governor as well as a businessman, and he was a management consultant and venture capitalist—which is very different from the CEO types who have sought the Oval Office. You could argue that the analytical breadth of a consultant is better suited to the presidency than the narrower focus of the more traditional business leader. When I interviewed Romney this week, he suggested that he was familiar with all manner of businesses, from technology to manufacturing to retail.

But to really understand how Romney thinks, read Bart Gellman's insightful piece on Romney's years at Bain. Bart concludes that Romney was both an exceptional business leader and a deeply cautious one. "Presidents deal with nothing but risk and bad options, because the easy problems don't reach their desks," he says. "A smart investor like Romney looks for the surest bets, and he was more risk-averse than most. The intriguing question to me is how he would adapt."

*Rick*

Richard Stengel, MANAGING EDITOR

### WRITE TO US

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### THE CONVERSATION

**'I actually carry two of them.'**

NBC's **David Gregory** confessed on *Meet the Press* that one smart phone isn't enough for him and that like 50% of Americans in the **TIME Mobility Poll**, he keeps his phones by his bed at night. The survey was part of our Aug. 27 special issue, **"10 Ways Mobile Technology Is Changing Our World,"** and included responses from 5,000 people in eight countries. Its results captivated many readers, with the *Times of India* noting that while only a quarter of respondents in the U.S. admitted to sexting, 54% of Indians said they did so and that "Brazil emerged as the clear winner with 64%." Designer **Kenneth Cole** tweeted about another stat from the poll: "84% of worldwide users say they couldn't go a day w/o their mobile devices. (The rest were busy texting.)"

### Up Next ...

For breaking news and in-depth analysis of the conventions, Time Warner is launching the CNN-TIME Convention Floor Pass, a free app that includes a daily TIME cover story and access to TIME's political badges on Foursquare as well as tips from our political team on what to do in Tampa and Charlotte. Starting Aug. 27, find an interactive Foursquare map and other GOP Convention news at [time.com/rnc](http://time.com/rnc). Look for similar coverage of the Democratic Convention starting Sept. 4 at [time.com/dnc](http://time.com/dnc).



### FOR THE RECORD

We have completed a thorough review of each of Fareed Zakaria's columns for TIME, and we are entirely satisfied that the language in question in his recent column was an unintentional error and an isolated incident, for which he has apologized. We look forward to having Fareed's thoughtful and important voice back in the magazine with his next column in the issue that comes out on Sept. 7.



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# Briefing

'Saved by a TV commercial.  
Literally.'

1. **ROSIE O'DONNELL**, who had a heart attack after helping an "enormous woman" out of a car, she credits taking a Bayer aspirin after suffering symptoms with saving her life

'It's kind of like a truckful of watermelons  
spilling over on the expressway.  
Everything's going to come to a halt.'

2. **TIM RUBACKY**, spokesman for the Mississippi River-based *American Queen* Steamboat Co.; low waters caused by drought closed 11 miles (18 km) of the crucial commercial waterway

'Rape is rape.'

3. **PRESIDENT OBAMA**, after Missouri Republican Senate nominee Todd Akin questioned whether women can get pregnant from "legitimate rape"; amid a firestorm of calls for him to drop out, Akin said he will remain in the race

'I hope that these countries that have not  
been moved by Syrian blood  
will be moved by the blood of their people.'

4. **AHMED GHAZALI**, rebel fighter in northern Syria, after veteran Japanese war correspondent Mika Yamamoto was killed while covering the country's civil war

'It's about 10 years too late for the boys to come into  
the 20th century, never mind the 21st century.'

5. **MARTHA BURK**, former chair of the National Council of Women's Organizations, after former Secretary of State Condoleezza Rice and financier Darla Moore became the first two women admitted to Augusta National Golf Club, which hosts the Masters; she later added that the policy change is a "milestone for women in business"



77

College courses in Iran that women will be barred from attending in the coming year

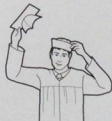


\$624  
BILLION

Value of Apple, based on its stock price on Aug. 20; the company passed Microsoft as the most valuable in history

60%

Percentage increase, from 2007 to 2011, in the number of college grads who joined the U.S. Navy



7,600

Number of 1994 Honda Accords stolen in the U.S. last year, making it the most stolen car for the fourth year in a row

# LightBox

...ful flock  
...ma Masjid in New Delhi on Aug. 20,  
...ms take part in 'Id al-Fitr, the celebration  
...ng the end of the holy month of Ramadan

...raph by Kevin Frayer—AP  
...time.com





## World



When police fired on strikers in Marikana, 34 miners were killed

## Massacre at the Mines

**1 | SOUTH AFRICA** It was a moment that seemed pulled from South Africa's dark past. On Aug. 16, responding to growing unrest, police officers fired into a charging crowd of striking workers at a platinum mine in the town of Marikana. By the time the smoke cleared, 34 people had died in South Africa's worst labor-related violence since 1994, leaving the country shocked—and the ruling African National Congress (ANC) under a cloud of criticism.

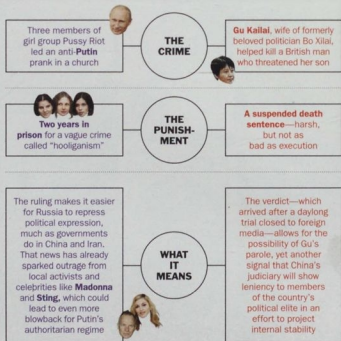
The wildcat strike at Marikana was called by a radical miners' union demanding improvements in their abysmal working conditions. South Africa's biggest mining union—closely tied to the ANC—opposed the strike, but the splinter group was able to force a temporary shutdown of the British-owned mine. While the government has argued that the striking miners were threatening officers with machetes before police opened fire, the massacre at Marikana has stunned South Africans who thought the days of official brutality ended with apartheid.

### What's at stake?

NUMBER OF MINERS	REAL MINING GDP	MINERAL EXPORTS
498,141	\$12 BILLION	\$36.3 BILLION

## A Tale of Two Trials

**2 | RUSSIA AND CHINA** While the case details vary dramatically—a political demonstration vs. a calculated murder—verdicts in major trials in China and Russia will both have far-reaching social and legal ramifications. Here, we break down the basics.



U.S.

'Regrettably, I jumped into the water without a swimsuit.'

KEVIN YODER, Republican Congressman from Kansas, apologizing for skinny-dipping in the Sea of Galilee during a congressional fact-finding trip to Israel





## New Leaders, Old Problems

**6 | SOMALIA** After eight years of U.N.-backed transitional government, Somalia swore in its new parliament, which citizens hope will bring peace and stability. Here are three challenges it must overcome.

1

**Low accountability**  
Because members were appointed by party elders and not elected at the local level, they have less accountability to citizens, which could allow the military to have outsized influence.

2

**Vacant positions**  
Roughly 215 members have been seated in a chamber made for 275. Moreover, the positions of President (some candidates pictured below) and Prime Minister remain vacant, and no timetable for an election has been set.



3

**Gender inequality**  
Despite early indications that 30% of officials would be women, there are far fewer than that seated so far. (Some are pictured below.) The most visible: Zainab Mohamed Amir, who has talked openly about fears of underrepresentation.



## The Height of Celebration

**3 | INDONESIA** Men climb tall poles topped with bicycles and other objects during the "palm tree" climbing race in Jakarta on Aug. 17, part of the country's celebrations marking the 67th anniversary of its independence. Indonesia separated from the Netherlands in 1945 after more than 300 years of Dutch colonial rule.

## Freedom of Information? Not So Fast

**4 | U.K.** Ecuadorian President Rafael Correa agreed to grant WikiLeaks founder Julian Assange diplomatic asylum on Aug. 16, a day after British authorities hinted that they could raid the embassy if officials there are found to be safeguarding a fugitive. Three days later, Assange—who is wanted in Sweden for an alleged sexual assault—took to the balcony of the Ecuadorian embassy in London and implored President Barack Obama to end the "witch hunt against WikiLeaks." Despite the move to protect Assange, at home Correa has persecuted journalists who criticize his administration, marring his self-styled reputation as a defender of press freedom.



Assange addresses media from the Ecuadorian embassy

## China vs. Japan Over Islands

**5 | CHINA** Tensions simmered around the South China Sea amid a spate of incidents over disputed islands and the start of U.S. military exercises with regional allies. Anti-Japan protests turned violent in some Chinese cities Aug. 19 after Japanese nationalists landed and raised Japan's flag on one contested territory. The provocative gesture followed Japan's arrest and deportation of 14 Chinese activists who days earlier had also sailed to the islands—known as Senkaku in Japan and Diaoyu in China. Meanwhile, Chinese commentators criticized Washington for increasing strains as it began annual drills with South Korea and Japan.

### PHILIPPINES

10

Number of new owl species discovered in the Philippines. Scientists were able to identify the species—two of which are entirely new and eight of which were previously considered subspecies—by using advanced recording equipment that can distinguish their hoots. Many are thought to be endangered.



# Nation

## See Mitt Run. What Republican pros say their nominee must do to win

By Mark Halperin

With **Mitt Romney** locked in a tough fight for the White House, Republican strategists inside and outside his campaign are mentally composing a long to-do list for the former Massachusetts governor to bolster his chances on Election Day ... ▶ **Foremost** on that list: **Make an impression.** Romney must introduce himself to the wider electorate during the convention in Tampa with a killer acceptance speech that keeps voters and the press talking all the way through his rival's oration in Charlotte, N.C. ... ▶ **Accentuate his running mate's pluses.** By November, will Paul Ryan be seen as a vibrant, unambiguously qualified, innovative reformer—or an overeager whippersnapper ready to gut Medicare and lavish millionaires with tax breaks?

Romney needs to accent his junior partner's strengths while shifting the focus back to himself. ... ▶ **Play down the social issues.** The reaction to Missouri Senate candidate Todd Akin's outrageous statements about rape and pregnancy showed just how easily Romney's effort can be sidetracked, even when he acts fast to head off trouble. The former governor has to keep the conversation on the economy, avoiding diversions that energize Democrats, addle Republicans and alarm voters ... ▶ **Bring out his best side.** Romney must release his happy warrior and bury his preachy, petulant, kvetchy side. While he will never match Barack Obama in the charm department, Romney can be likable enough when engaged, relaxed, confident and can-do—a persona that comes naturally to the instinctively upbeat businessman. Throughout the summer, he has too often displayed defensiveness and pique and stress ... ▶ **Create the story.** Romney must offer up the kind of grand, decisive gestures and leader-like comments that are Obama's stock in trade rather

than react to the news of the day ...

▶ **Spend productively.** Romney and his allies are expected to have a major cash advantage from Labor Day onward, but money raised doesn't automatically translate into money well spent. Team Romney needs a burst of smart TV ads, crafty staff hires and creative vision to maximize all those contributions ...

▶ **Fight Medicare to a draw—carefully.** Never has a Republican campaign been as well positioned to become the preserver of health care options and quality care for the elderly. And yet Romney could lose the race on this issue alone. He picked the fight; now he has to sharpen his message and engage ... ▶ **Make some purple states**

red and some blue states purple.

Can Ryan's Wisconsin or Joe Biden's birth state of Pennsylvania be put in play? How about effectively securing North Carolina and Arizona? That would smooth the way to engage in more offense in the half-dozen states that Obama won in 2008 that Romney must capture to prevail ... ▶ **Harness the four M's.** Romney, once and for all, has to make the big chapters of his life a tangible positive for voters: his time as Massachusetts' governor, his Mormon faith, the money he made at Bain Capital and his record of rigorous management, including the Salt Lake City Olympics. Romney must present a case linking those experiences and achievements to what he would do in the Oval Office ... ▶ **Better deploy the potential First Lady.** The bright, sunny Ann Romney remains far too remote a figure in the eyes of the public and the media, and the campaign has allowed her to squander her warmth and accessibility, letting her wade into perilous tax and luxury waters and sometimes come across as just another affluent spouse. Romney is best served when his wife relishes the positive aspects of the campaign experience, resists being overpackaged and stays close at hand for support ...

▶ **Prove he's a worthy Commander in Chief.** Romney seldom discusses foreign policy on the stump, and his July overseas trip was a disappointment. He must be prepared to debate his opponent, react to any world crises and give a speech or two. Even with a bad economy, voters want to know a presidential contender can lead the armed forces, deal with world leaders and reassure the nation in the face of threats ...

▶ **Get specific where it counts.** The candidate has slimmed down to a five-point economic plan, but he's still selling it with more routine than passion. If, come November, voters don't clearly grasp and respect Romney's ideas for turning the nation around, he will have failed.

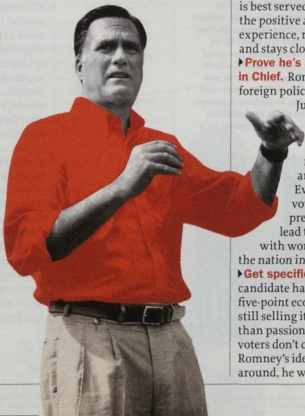


PHOTO ILLUSTRATION BY MRS. DONALD FOR TIME ROMNEY: EVAN AGOSTA—AP



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# Milestones

**DIED****Phyllis Diller**

By Joan Rivers

My friend Phyllis Diller, who died on Aug. 20 at 95, had a gift as a pianist but was just not quite good enough. She had a gift as a visual artist but was just not quite good enough. And she had a gift as a comic storyteller, and boy, at that she was just damned good enough. She could look at any situation, find the humor in it and make an audience see it too. She mined not so much her own life (which is what we comedians do today) but the life of the average woman and became the voice for every female griper.

If you look at typical movies from the time of her youth, it was always the unattractive, asexual friend who made the wisecracking comments. So when Phyllis decided to enter the male-dominated world of stand-up comedy, she

created her entire persona out of whole cloth—the fright wig, the insane little boots and the loud, patterned dresses—which totally disguised the slim and chic woman within them. They were the armor that allowed her to be the first woman to walk out alone onstage, say hello, talk for an hour and conquer. Up until that time, only the Fred Allens and the Jack Bennys and the Alan Kings did this. Women would come out with music and songs and dances, with patter in between. Not Phyllis. She stood there, said what she had to say and leveled the playing field forever.

I wrote for her. I laughed with her. I knew her for over 40 years. And I miss her terribly.

*Rivers is a comedian and television host*

**DIED****Tony Scott**

Los Angeles' Vincent Thomas Bridge would be a perfect location for some high-octane Tony Scott movie. Scott may never have filmed a scene there, but apparently that's where he wanted to die. On Aug. 19, the British director of such supercharged Americana as *Top Gun*, *Unstoppable* and *Days of Thunder* climbed over a fence on the bridge and jumped off. At 68, Scott had directed and starred in his last action scene.

Half the hacks in Hollywood want to think of themselves as brilliant creators; Scott, who had an art-school degree, knew he was a technician. In the machine art of moviemaking, that is an honorable calling. Efficiency can be a form of artistry, and Scott often reached that level of surpassing craftsmanship.

—RICHARD CORLISS

**DIED**

Meles Zenawi, 57, Ethiopia's Prime Minister from 1995 until his death; he transformed the country's economy but often ruled through repressive means.

**RULED**

The U.S. Court of Appeals in D.C., that the EPA overstepped its authority with a regulation apportioning air-pollution cleanup costs among 28 upwind states.

**PITCHED**

A perfect game, by the Seattle Mariners' Felix Hernandez; the 27-up, 27-down outing was the first in team history, the third of the 2012 season and the 23rd since 1904.

**DIED**

Dom Mintoff, 96, fiery Maltese socialist leader; twice Prime Minister, he confronted British rule after World War II and led Malta to republic status in 1974.

**PUBLISHED**

The September issue of *Vogue*; at 916 pages, it is the most voluminous in the magazine's history, weighing in at a hefty four-plus pounds.

**DIED**

Scott McKenzie, 73, whose moody 1967 hit "San Francisco (Be Sure to Wear Flowers in Your Hair)" defined the flower-power generation; he also co-wrote "Kokomo."

# Rana Foroohar



## It's the Stupid Global Economy Why voters don't blame Obama for low growth—and prefer spending to cuts

ONE OF THE MOST AMAZING THINGS about this election season is that the weak economy hasn't been more of a liability for President Obama. Historically, it's unprecedented. If you look at the Conference Board's consumer-confidence index, which since its inception in 1967 has perfectly predicted presidential elections, you'll see that every time the index is below 95, the incumbent loses. Today's confidence number is around 66, which is very low by any standard. (When Jimmy Carter lost, it was 74!) Yet the President continues to lead in many polls, even when it comes to the economy. In a Pew poll conducted in July, 48% of voters believed the President would do a better job of improving economic conditions, whereas Mitt Romney scored just 42%.

Clearly, times have changed since Ronald Reagan was able to topple Carter by simply asking, "Are you better off than you were four years ago?" The global economy has become a lot more complex since 1980, and so has voters' understanding of it. People pay attention to the financial press, and they know that many of the headwinds facing our economy aren't due to any particular Obama policy but to problems abroad—the disaster that is Europe and the slowdown in emerging markets that hits exporters in the U.S. You can see this new understanding in the polls; most people don't think the economy is going to get a lot better any time soon, no matter who's in charge.

**Not only have voters gotten wise to the fact that the global economy is a spaghetti bowl of problems that can't be handled by any one person, but they also understand that our core troubles go deeper and are more structural than in the past. When asked about the most important economic challenges facing the country, voters**

will often cite the shrinking middle class and all the issues that go along with it, like stubbornly high unemployment and lower wages across a broad variety of white and blue collar jobs.

On that score, Obama wins points: far more people think his policies will help the middle class than feel that way about Romney's. The GOP nominee's pick of Paul Ryan as running mate was clearly an attempt to address the middle-class problem. But Ry-



an's extreme deficit-cutting plan overshadows any bootstrapping, laissez-faire success mythology he might represent. Most of his cuts would come at the expense of the poor and the middle class, something the Obama team is going to great pains to publicize.

Meanwhile, Romney's 13% problem, which is part and parcel of his middle-class problem, isn't going away. His pathetically low income tax rate is perfectly legal. And that's the issue: it just doesn't seem fair to most people, including a lot of rich ones—not only Warren Buffett but also many other older financiers and executives who had no problem making their money and building their businesses when tax rates

were vastly higher than they are now. Americans are much more likely than, say, Europeans to tolerate high levels of income inequality. But in counting on American voters' aspirational nature, Romney made an important miscalculation. People are willing to tolerate this inequality only when they feel the system isn't rigged against them. And everything about Romney—from the \$77,000 tax write-off for his wife's half-million-dollar show horse to his complicated Cayman Islands accounts—makes it seem that it is. Even a buff, *Atlas Shrugged*-toting Ryan can't change that belief.

### Americans simply don't buy into

supply-side economics anymore. An April CBS News/New York Times poll found that when it comes to deciding the best way to promote economic growth, most Americans prefer spending more on education and infrastructure while raising taxes on the wealthy and businesses to pay for it (56%), while fewer than half favor lowering taxes and cutting government spending (37%). Americans overwhelmingly want the government—the government!—to do more to help the financial situation of the middle class, and that desire cuts across party lines.

I suspect that's one reason a *Financial Times/Economist* Global Business Barometer survey found that twice as many business executives worldwide think it would be better for the global economy if Obama remained President. The trend even held in the U.S. (albeit by a much smaller margin) despite the Administration's loss of support from Wall Streeters who don't want to be (re)regulated. It's not surprising. CEOs look across the Atlantic and see austerity as a failed policy in Europe. A reading of economic history tells them that although tax cuts have never led to a growth boom, government spending on smart things like infrastructure and education has. Voters seem to have treated Obama's first-term economy as a write-off—like the Romneys' horse. They're more interested in the future. That's why Obama may still have one. ■

## Grandma's Pineapple Cake

2 1/2 cups  
crushed pineapple  
4 egg whites  
2 cups flour  
2 cups sugar  
2 tsp baking soda  
1 tsp vanilla

Beat egg whites and sugar.  
Mix and bake 40 mins  
at 350° F. Garnish with  
fresh fruit.



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# Mike Murphy



## Who Will Mitt Speak To?

The primary is over. The convention in Tampa should be about swing voters

**T**HE REPUBLICAN CONVENTION IS Mitt Romney's first big opportunity since the primaries to speak directly to general-election voters. Will he focus on rallying the Republican base, or will he try to connect with the swing voters who hold the key to the White House?

To date, the answer has not been clear. Too often, the Romney campaign acts as if the GOP primary battle is still raging and its candidate is five points behind Rick Santorum. All this fussing over the Republican base is wasted energy. With Republicans practically dying to vote against Barack Obama in November, the GOP base is the least of Romney's problems.

### Fickle swing voters are a different story.

They bounce back and forth in the polls, and lately that bounce has been moving disconcertingly away from Romney and toward Obama. If Romney is to win, he will have to get those voters back, and the convention is an excellent place to begin. While today's tightly scripted party gatherings cannot compete in the ratings department with table-tossing Real Housewives and preening Kardashians, they can still scrape together a decent audience of 20 million-plus households for the big keynote and acceptance speeches. (Media attention can multiply this audience so that nearly everyone in the country hears about the speeches.) Romney must use this platform to revise his pitch and start talking to general-election voters. The question is, Will he?

The choice of Wisconsin Congressman Paul Ryan as Romney's running mate is a murky indicator of the campaign's direction. Ryan's sunny demeanor and reformer's optimism could help Romney run a swing-voter-friendly campaign against the sour norms of politics as usual. To voters tired of the Obama campaign's

onslaught of attack ads, Ryan's upbeat style will be a welcome change. Conversely, in many respects the Ryan pick looks like yet another move to please the hardcore GOP voters whom Romney already has. The party's professional conservatives are elated, seeing the ebullient Ryan as the perfect fresh face to wage a puristic ideological battle with the left, which they have long wanted. But Ryan's credentials as a leader of the House GOP's



most fervently ideological wing may be a step too far for the squishier swing voters whom Romney needs most.

For that reason, the GOP's professional campaign generals are glum. Most see the Ryan choice as a strategic blunder that turns the GOP focus from the winning issue of jobs to a dicey war of attrition fought on the highly unfavorable, Democratic terrain of Medicare and entitlement cuts. That's why Republican candidates in tough House and Senate races aren't exactly racing to add the name *Ryan* in Day-Glo letters to their bumper stickers.

The Romney campaign says its game

plan for the convention is simple: to tell the larger personal story of hard-earned success. The campaign knows its candidate is undefined and vulnerable. Romney's aides want the convention to finally fill in the blanks. That's a good start. But smart campaigns know that the media resist the pat scripts fed to them at conventions and often look for trivial stories to make a little delicious trouble. That means the campaign would be well advised to pick a clever moment to feed the bored press corps something it never expected.

The large televised audience for Romney's acceptance speech is the campaign's opportunity to do that. Romney needs to break out of the cage of doubt that the Obama campaign's negative-ad makers have created around him. Voters need to see a multidimensional human being who instinctively feels their pain and understands the deep fear a broken economy brings to the vulnerable. Romney's speech must go beyond mere biography and paint a vivid picture of where he wants to lead the country.

### One other point: if he is smart,

Romney will avoid the often powerful temptation inside the convention hall to chase the cheap applause that comes from endlessly bashing the opponent. If Romney finds himself standing at the podium merely giving a hastily repainted version of his primary stump speech, he will lose the night. The audience Romney needs to win isn't the one that will be cheering on the floor of the hall in Tampa. It is the audience that will sit listening, warily, in living rooms across America.

Romney should remember that the case against the incumbent has mostly been made. Obama's economic failures have effectively made him the nation's second choice for President. Romney will either convince general-election voters that he should become their first choice or he will to his peril remain their third. ■

Murphy is a Republican consultant



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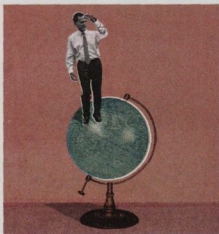
## Is Romney a Realist or an Idealist?

The GOP nominee has yet to clarify his foreign policy instincts

**W**HERE I COME FROM," PAUL RYAN told a New Hampshire town-hall meeting audience the week before the Republican National Convention, "overseas ... means Lake Superior." It was a joke, and a self-deprecating one at that, a quality always to be welcomed in politicians. Ryan was talking about a substantial issue: the fact that Canada had lowered its corporate tax rate to 15%. But still, there were unfortunate echoes of Sarah Palin's citation of Alaska's proximity to Russia as a foreign policy credential. And it brought attention to a curious fact about the 2012 Republican ticket: Ryan and Mitt Romney have the least foreign-policy and national-security experience of any ticket, for either party, in the 10 presidential campaigns I've covered. (As Michael Cohen pointed out in *Foreign Policy*, they have the least overseas experience of any ticket since Thomas Dewey and Earl Warren in 1948.)

The New Hampshire event was a joint appearance by the two Republican candidates, and it was striking: apart from a passing reference by Romney to the need for American military strength, neither candidate mentioned foreign policy in his stump speech. It was also notable that on the day the Todd Akin "legitimate rape" controversy broke, neither candidate mentioned any of the social issues that so dominated the Republican primaries—but that's another story. Or maybe it isn't: when Romney finally was asked about foreign policy during the question-and-answer period, he struck a more moderate tone than he did during the primaries. His remarks about Afghanistan, Israel and Iran were reassuringly unexceptional: his criticism of the President was mild. His slouch toward the center proceeds apace. Ryan tended to be more critical of

Obama—and more naive. He criticized the President for removing troops in the midst of the Afghan fighting season, which sounds serious but actually reflects a strategic decision not to use force-intensive counterinsurgency tactics in the eastern sector of the country. He also was more pointed than Romney, on this day at least, in accusing Obama of pulling out of Afghanistan for domestic political reasons. By contrast, Romney sounded



very much like the man he was running against: the goal, he said, was to transfer power from our military to the Afghans as quickly as possible and to be sure that terrorists don't retake control of the country and use it as a launching pad for attacks against the U.S.

On Israel, Romney said it was best to keep disagreements with friends private—a reference to Obama's public dispute with Prime Minister Benjamin Netanyahu over Israeli settlement expansion, an episode the President has told me he handled badly during his first year in office. On Iran, Romney said he was happy that "crippling sanctions" were finally

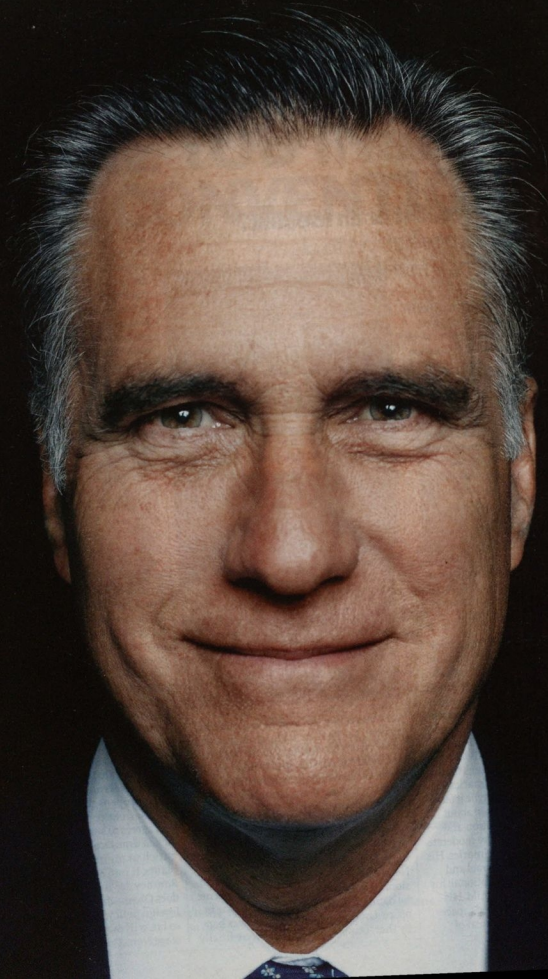
being imposed, but he steered clear of the latest, bellicose neoconservative idea—that Congress should pass a resolution authorizing the use of force in Iran. Indeed, I imagine that the neocon subset of the Republican Party will be upset by the mildness of Romney's New Hampshire remarks and by the fact that Romney has selected the estimable foreign policy realist Robert Zoellick to lead his transition team's search for national security talent.

This is the essential foreign policy question for Romney: Will he be a realist on the model of George H.W. Bush, who was the most adept foreign policy President since Eisenhower, or will he follow the intemperance, ill-considered idealism of George W. Bush, especially during the Dick Cheney-dominated first term? In a way, neoconservatism is the Republican foreign policy equivalent of supply-side economics. It has been tried and failed. The aggressive aspects of the doctrine—which provided the intellectual rationale for the war in Iraq—seem a form of myopic neo-colonialism now. And the vagaries of the Arab Spring have demolished the broad-brush neoconservative idealism of George W. Bush's "freedom agenda." The reality of today's world is doctrine-averse. Diplomacy and the use of force must be subtle, most often multilateral and attentive to the facts of a rapidly changing world rather than to some overweening ideology.

## There is likely to be an immediate

foreign policy challenge to both Romney and Obama this fall. The nuclear talks with Iran, recessed during the past month of Ramadan, are reaching a climax. There is an implicit deal on the table: Iran opens the doors to all its nuclear facilities, closes down its Qum operation and agrees to stop producing highly enriched uranium in return for the right to enrich uranium for civilian power plants. If Iran accepts this deal, what does Romney do? If Iran rejects this deal, what does Obama do? It's not impossible that foreign policy, an afterthought in the race so far, will move dramatically to center stage come October.

ELECTION  
2012  
Republican  
Convention



# THE MIND OF MITT

BAIN CAPITAL TAUGHT ROMNEY  
FOCUS, RESTRAINT AND THE ART  
OF THE DEAL. HOW WOULD THOSE  
SKILLS WORK IN THE WHITE HOUSE?

BY BARTON GELLMAN

PHOTOGRAPH BY PETER HAPAK FOR TIME

# THE VIDEO, A QUARTER- CENTURY OLD

now, catches Mitt Romney at an unguarded moment in the best-known transaction of his early investment career. Here he is, a youthful-looking 39, self-conscious in a dress shirt and tie as he steps into an unfinished commercial space in the Brighton neighborhood of Boston. Young people in jeans and boots are uncaring office supplies onto shelves for the next day's grand opening. They gather politely when summoned, and Romney begins to speak.

The ribbon cutting at this first Staples store, on May 1, 1986, will launch a notable American brand that expands into a multibillion-dollar chain. One day Mitt Romney will run for President, and his campaign will reshape the Staples narrative as a parable of the candidate's vision and skill. But on this evening, in words chosen without politics in mind, the Romney on the videotape tells a subtler story.

Bain Capital, his fledgling investment firm, has by now committed 2% of its assets to the new enterprise. Deeply uncomfortable with risk in a business that calls for a bullfighter's nerves, Romney has dropped by for one last inspection. In the video artifact, unearthed for TIME from Staples' archives, he regales the store's crew with the tall tale of a Texan on a polar-bear hunt. The man heads alone for the North Pole, boasting that he will slay the beast with his bare hands. When his native guides next catch sight of him, the Texan is running for his life and the bear is closing fast. One guide opens a door to let him in, but the Texan stops short and steps aside as the bear races through. "He slams the door and says, 'You skin that

one while I go get another!'" Romney says.

The Staples crew laughs, and then he takes the joke in a new direction. The polar bear turns out to be the market that Staples is hunting, with a valuable pelt for someone bold enough to take it. The guy in the story? That's Romney. "I feel a little like the Texan," he says. "Here's this guy coming in, wearing the white shirt and all. You're skinning this one while I'm going to go out and try to see if I can find another."

Not for Romney is the bear hunter's life, but he does want to say a few words about his work. At the dawn of a dazzling investment career, he undertakes to explain "a little bit about what a venture capitalist is."

"Some people call us vulture capitalists," he allows, but he does not see it that way. "We go around and try to convince people that we're real smart, we'll make

them money with their money." He takes their cash, he says, and lays it down to buy a company that "looks like it can be something big." And that's good for customers too because the companies he buys are giving them "some real value." Or anyway, he says, "that's how it supposedly works."

In fact, Romney will soon shift Bain's focus away from venture capital, looking for surer bets. The firm will concentrate on private equity, a new term for the old leveraged-buyout business that became notorious for excesses in the Reagan era. It works like this: Romney will search out struggling companies and borrow most of the money to buy them, using a company's own assets as collateral. That is roughly like buying a farm with a mortgage that the farmer has to repay. As the new owner, Bain Capital will demand that the company squeeze costs, close money-losing divisions and shift resources to more profitable lines of business. Sometimes—more often than their peers—Bain Capital will buy a company and stay with it for years, improving management and restoring it to health. Other times it will shutter factories, lay off workers and leave a company loaded with debts it cannot pay. In either case, Romney's firm will boost its own profit or cushion its risk by charging the company special dividends for its services and by structuring the deal to take advantage of tax and regulatory rules. These transaction features, known as tax arbitrage, can easily reap enough profit to let Romney come out ahead even if a company fails.

The record of Romney's 15 years as leader of Bain Capital depicts a businessman of exceptional talent—and exceptional caution. In his formative years as a financier, he worked relentlessly to squeeze risk out of an enterprise in which risk and profit typically went hand in hand. He imposed on his partners a rigorous focus on measurable, verifiable data, rejecting subjective judgments about business prospects and insisting on empirical evidence on which to base decisions.

Romney's appetite for numbers far

## THE DEAL: STAPLES

When supermarket executive Tom Stemberg pitched Bain his idea for the first office-supply superstore, Romney hesitated. But after the firm went door to door to small businesses and found they spent over \$1,000 a year in supplies per employee, Romney was sold. Bain's \$2.5 million investment paid off, yielding a \$13 million profit on what became the world's largest office-products company.

VERDICT: SUCCESS

surpassed the norm. Even as chief executive of Bain, he spent hours at the conference table, taking copious notes, tapping at his calculator and making hand-drawn charts. He was slower than many competitors to seize opportunity, searching for hidden flaws in every deal. He sought out rival views and seldom if ever invested without consensus from his partners. Bain Capital taught him to regard the world as an endless parade of potential deals, most of them bad. He walked away from nearly all of them, needing only a few for success. As often as possible, he declined to join any game he did not think he would win. But *certainty* is not the word for what Romney likes most, says former consulting partner James McCurry, now president and CEO of PSA Healthcare. "He wants to be right," McCurry says. "He wants to be—you never get to be sure, that doesn't exist in life, but he wants to be right."

## A MAN AND HIS CALCULATOR

AS HE LAUNCHES HIS FALL CAMPAIGN at the Republican Convention in Tampa, Romney is making the sales pitch of his life. Once he asked investors to entrust him with their money; now he is taking the stage to ask Americans for the keys to the nuclear arsenal and a \$15 trillion economy. For a variety of reasons, Romney is running on his résumé, arguing that he has the private-sector skills to set the economy right. It is an unusual strategy for a challenger, the more so because he scorns what history suggests is his best credential. No businessman has been elected President without holding high office first, and more governors have won the White House than Senators or even Vice Presidents. But Republican doctrine discourages talk of Romney's term as Massachusetts' governor, which featured state-mandated health care, gun control, abortion rights and other heresies.

Instead he has placed his business record front and center, a strategy tried without success by other titans of industry, from Henry Ford and William Randolph



**The company man** Romney, with Bain in 1990, always crunched the numbers first

Hearst to Ross Perot. One of his regular campaign lines, delivered again last month in Canton, Ohio, is "I'm a business guy. I was only governor four years. I didn't inhale." At another stop, it became an incantation, with "I didn't inhale" reprised in seven of eight consecutive sentences.

That sounds at first like a slap at Bill Clinton, who coined the phrase while dodging questions about his marijuana-smoking days at Oxford. But Romney's real target is government itself and the alleged virtue, in a would-be President, of prior service there. He is touting his private-sector career not as a close substitute for time in the Oval Office but as the superior credential. "I spent 25 years balancing budgets, eliminating waste and keeping as far away from government as humanly possible," he told the Conservative Political Action Conference (CPAC) in February. In Las Vegas three months later, he applauded a proposal he attributed to a restaurant owner he had just met: "He said, 'I'd like to have a provision in the Constitution ... that the President has to spend at least three years working in business before he could become President of the United States.'"

By just about any business standard—above all, profit and loss—Romney was a spectacular performer. He joined the consulting firm Bain & Co. in 1977, rose swiftly to the top and later returned as the consensus choice to save it from bankruptcy. In 1984 he founded Bain Capital, a

spin-off private-equity firm, and turned \$37 million in seed money into billions of dollars of assets under management. "From 1984 to 1999, his funds returned 88% per year, which is a record of truly enviable proportions," said Howard Anderson, a former venture capitalist and investor in Bain and now a senior lecturer at MIT's Sloan School of Management, who has known Romney since the 1980s. Along the way, Romney amassed a personal fortune in the neighborhood of \$200 million. Estimates vary, and he has not chosen to settle the question.

For all his success, Romney has said surprisingly little about how his investing experience might guide him in the White House. His broadly stated economic themes—budget cuts, low tax rates and less government regulation—follow tropes that have been standard for GOP candidates since well before Reagan, with or without Romney's private-sector credentials. Related positions on energy and education appear to be close cousins of those of President George W. Bush.

Even so, Romney's business record offers plenty of evidence about the way he thinks about problems, sets priorities and negotiates obstacles. But sifting the record requires a second look at his version of some of its pivotal events.

On the Staples deal, which he has made a touchstone of his campaign, he and his political team tell a story of success that followed from insight, decisiveness and courage to take the leap. By this account, a supermarket executive named Tom Stemberg had the big idea and Romney saw potential where others did not. His investment firm, then two years old, ventured Staples the funds that gave it "a chance to grow," as his campaign website puts it. In some of his television ads, the familiar red Staples logo appears onscreen over a script that touts the businesses he built. "Most people I spoke with thought it would never work," Romney writes in his 2010 campaign memoir, *No Apology*. "But they were wrong, and today Staples is what Tom dreamed it would be."

Stemberg endorses this account. "A lot

of venture capitalists laughed," he tells TIME. They asked the Staples founder, "Who would care about saving money on paper clips?" For Romney, "one of the cheapest sons of guns I ever met in my life, the idea really resonated," he says.

But Romney was late to the game. Stemberg had told him that the average office worker consumes more than \$1,000 a year in office supplies, a substantial market. Romney wanted evidence, and a lot of it. Eventually, one of his partners invited Stemberg to Bain Capital's spare gray conference room at Copley Place in Boston. "We have a problem with your analysis," the partner said, brandishing a bar chart. The firm had phoned 50 small businesses, which estimated expenditures of only \$200 a year in supplies for the average employee. Stemberg stood his ground, and Romney's firm dug deeper. With no computerized records to tap, Romney sent his people door to door with adding machines to tally paper invoices. The average was closer to \$1,700 than \$1,000. Finally, Romney was sold.

But by this time, Stemberg said, "we must have had 15 or 20 different offers to finance our deal." He included Bain in a team of four firms because Romney had a reputation as "one of the best business advisers in America" and could offer skills as well as money. And so Romney did, remaining on the Staples board for 16 years.

There is no denying that Staples was a win for Romney's firm, whose investment of \$2.5 million grew sixfold by the time Bain Capital sold its shares. Still, by his own account in the Staples video, he was not a pioneer but a laggard on the deal.

"We said, O.K., we're ready to play," he told the backroom workers in 1986. "We come to the door to tell them that, and there are already 20 other people standing in line. The idea was absolutely mobbed by venture capitalists... Tom had to go through and say, O.K., eeny, meeny, miney, mo—which one of the guys you wants to participate in this idea am I going to bring in to Staples?" Dropping to one knee as he told the story, Romney said it was he, not Stemberg, who had to "as-

sume the appropriate position" as suitor.

Stemberg dismisses this now with a laugh and says Romney is just methodical. "He will run every scenario, the good, the bad and the ugly... The one thing he's definitely not is a shoot-from-the-hip kind of guy." One particularly revealing measure of Romney's caution, though it is far more common in commerce than government, is the number of times he chose to walk away. "These ideas come by, and that's 250 or so a month," he told the Staples workers, "and we invest in, on average, about 1 in 500 of businesses that come by." Some 3,000 prospects crossed his desk each year, and "we might invest in six companies if we're lucky."

Geoffrey Rehnert, his Bain Capital partner from the start, says one explanation was that "a lot of garbage came in in the early days, like shelf-stable peanut-butter-and-jelly sandwiches, shrimp farms in Ecuador" and fanciful "flying cars that also turned into boats." It was also true, he says, that as Bain Capital grew, Romney oversaw the development of formal policies and structures appropriate for a global operation. "The deal guy he was in 1986 is very different than the CEO of a \$10 billion asset money-management firm" that he became.

Even so, for most of Romney's career, he could afford to be fastidious in the extreme about his quarries, far more so than a government leader or traditional corporate ex-

ecutive of similar rank. He could choose one specimen at a time, dissect it, mount it on a slide and spend days at a time without looking up from the microscope. Rarely do political leaders have that kind of time.

"What I enjoyed most about Bain & Co., the consulting firm, was the analytical process of solving tough problems," Romney told *Businessweek* recently. "And I love the thinking and the analyzing as much as anything." Later, at Bain Capital, his approach was "similarly analytical, to decide which business ideas really had economic merit and which did not."

## A MAN AND HIS ETHICS

ECONOMIC MERIT DID NOT ALWAYS SETTLE the question. Romney had ethical boundaries that have not been described before in news reports. Some of the unwritten rules fit awkwardly today with the interests of his contributors and target voters. "Mitt was pretty adamant about not making investments in tobacco, firearms," says longtime partner Marc Wolpov.

Several times in the 1990s, distress sales brought leading U.S. gunmakers to market with attractive financial terms. Colt's Manufacturing Co. had been badly damaged by a four-year strike, forcing the state of Connecticut to help stave off bankruptcy in 1990. Two years later, the weaponsmaker went belly up anyway. Rival purchase deals were made and broken until 1994, when new owners arrived. Remington, meanwhile, went on the block in 1993 and again in 1998.

More than once, according to Rehnert and Wolpov, someone brought up Colt's and Remington as prospects. Each time the result was the same. "No way we could do deals with rifle manufacturers," Wolpov says. Romney never spoke of his reasons, and he did not use his deciding vote to forbid the transactions directly. "He'd raise rhetorical questions," Wolpov says. "Do you think our investors would like this? Could there be reputational risks for Bain Capital?" And most of the partners agreed with that.

## THE DEAL: AMPAD

In 1992, Bain took control of American Pad & Paper for \$5 million. After Ampad acquired a Marion, Ind., factory in 1994, it laid off more than 200 union workers then hired most of them back at lower wages and asked workers to pay half their health care costs. The union struck, and Ampad shut the plant, filing for bankruptcy in 2000. Bain made over \$100 million.

VERDICT: GOOD FOR BAIN,  
BAD FOR AMPAD

ON THE ROAD. ROMNEY'S NEWEST PARTNERSHIP  
PHOTOGRAPHS BY LAUREN FLEISHMAN FOR TIME



**The GOP ticket**

With a long and bruising primary season far behind him, Romney is betting that Paul Ryan will energize conservative voters in November

Lucrative tobacco opportunities came and went as well. RJR Nabisco had a leveraged buyout, tobacco-leaf dealer W.A. Adams changed hands in a private sale, and American Brands sold off its tobacco division. Brown & Williamson gave up most of its discount cigarette brands, and a deal for the Miami premium cigarmaker El Credito went begging until a Swedish firm stepped in. Romney stayed far away.

According to Rehnert, "stuff like tobacco or gambling," along with gun companies, had "a personal yuck factor" at the partners' table. "Do you want to make money doing something that feels gross?" he asks. "There was also how investors feel about things. Do you really want to be doing things that you're not proud to talk to your friends and family about, much less investors? At the end of the day, there are a lot of ways to make money, and there was a culture at the firm that people didn't want to make money off other people's misery."

Most of Romney's business partners did not share his Mormon faith, and those interviewed, on and off the record, said they did not know whether or how religion shaped the ethical lines he drew. Robert Gay, believed to be the only fellow member of Romney's church among the early partners, was quoted in Jeff Benedict's *The Mormon Way of Doing Business* as saying, "I remember literally kneeling down with Mitt at his home and praying about our firm." Gay declined through an intermediary to be interviewed for this story.

When it came to playing by the rules, from tax and labor law to securities regulation, Romney did not regard the boundaries as an ethical question. Former partners describe him as entirely unsentimental: if the law clearly forbade something, he would not do it, but nearly everything else was fair game. Many businesses run into uncertain boundaries now and then, but in private equity the profits are often centrally dependent on financial engineering that guides transactions through tax loopholes and other seams in the law.

For Romney, aggressive use of those

## THE DEAL: DADE INTERNATIONAL

Bain and Goldman Sachs acquired the Illinois medical-technology firm in 1994. Dade was profitable from 1995 to 1998 but racked up \$1.5 billion in debt. The company fired 1,700 U.S. workers, then went bankrupt in 2002. Bain made \$242 million, plus \$100 million in fees, on an initial investment of \$30 million. In 2007 Dade was sold to the German firm Siemens, and its U.S. workforce eventually grew to 7,400.

VERDICT: GOOD FOR BAIN,  
BAD FOR DADE

tools was routine, and Bain could afford the best lawyers in town. "I've never seen him break the law," and "there are people in our business who go way more into the gray area," says Wolpow. "I think he believed, and I do believe, that as a businessperson, you have the right to push the tax law into the gray area, so long as you are not fraudulent, and to take the risk that the IRS is going to challenge you. And when they do challenge, you negotiate with them as you would with any other party and then settle the dispute in a reasonable manner." Romney's refusal to release more than two years' personal tax returns may stem in part from the political reaction he expects if the creativity of his accounting becomes fully known.

Among Romney's more controversial forays into the legal gray zone involved a department-store merger in 1988 that depended on help from Michael Milken, a notorious Wall Street figure known as the junk-bond king. Romney needed Milken's high-risk, high-yield debt instruments for the transaction, among his most highly leveraged yet, because there was no other way to borrow so much money with the available collateral. He decided to proceed with the deal even after the Securities and Exchange Commission brought insider-trading charges against Milken and his firm, Drexel Burnham Lambert,

in September of that year. Because the judge in the SEC case was married to the chairwoman of one of Romney's department stores, the transaction led to conflict-of-interest litigation that delayed a trial for months. (Milken and his firm each eventually pleaded guilty to felony securities violations unconnected to the department-store buyout. He was sentenced to 10 years in prison, and Drexel was forced into bankruptcy.)

Romney's behavior, former SEC official James Coffman told the *Boston Globe*, "at a minimum reflects a lack of concern about the impact of his financing activities on the administration of justice." Wolpow, who was then at Drexel but was not charged with an offense, says in Romney's defense that "there's no affirmative obligation either in law or in business ethics to stop what you're doing just because there's an investigation." Romney knew it looked bad, but as long as the deal was legal, he had no qualms. Junk bonds enabled his firm to score a \$175 million profit with only \$10 million of its own capital on the line. In June 2000, not quite three years after Bain Capital cashed out, the debt-laden company, Stage Stores, filed for bankruptcy.

Just as Romney refused to treat legal questions as moral ones, he was matter-of-fact about business decisions that closed factories, crushed unions, outsourced services or threw employees of his companies out of work. Remorseless cost cutting, like aggressive lawyering, was so basic to Bain Capital's livelihood that it could hardly have been otherwise.

Even to ask the question in ethical terms strikes many of Romney's former partners as naive, although none of them care to say so on the record. The purpose of a business is to earn a profit. Paying union workers at inefficient factories for work that can be done more cheaply somewhere else is, by pure capitalist standards, simply irrational. Romney may even have had a fiduciary duty to take harsh measures in the companies he owned in order to advance the interests of his investors. "The job was not creating jobs," says MIT's Anderson.

"That was not the goal. The job was to increase the investment that he made... The by-product may have been in some cases creating jobs. The by-product sometimes was bringing efficiency, which would be not keeping jobs."

In his management-consulting years, Romney and his team used the starkest of images to persuade corporate executives to cut loose unproductive assets. They compared the benefits to "a forest fire—it clears out the detritus even if you lose some animals in the short run," one colleague explained. "We would say to CEOs that all of their different divisions and businesses are like the little hatchlings in a nest," says McCurry, another Bain & Co. colleague. "When the momma bird shows up with a worm, all those little open beaks are down there sending the signal 'Give the worm to me!'" He added, "Where the CEO needs help is to know you can't give everybody what they want."

But here is where Romney's commercial and political worlds began to collide, because deadwood and unfed hatchlings are not images that resonate well with the broader public. Business executives speak of reputational risk, which is another way of saying the public despises some of the things they do for money. The public does not get a vote in the boardroom, but Romney had political ambitions. "You're going to take reputational risk if you're going to amass wealth in a capitalist society, and I believe Mitt had a lot of conflict about that," Wolpov says.

Romney got a taste of the trouble he faced when striking workers from Indiana turned up in Massachusetts during his first run for office, against Senator Ted Kennedy in 1994. Bain Capital had been closing plants and firing hundreds of workers at American Pad & Paper, which faced low-cost competition from Asia. Romney was on a self-granted leave from Bain for the campaign, and when the strikers began telling their stories in Boston, "his initial reaction was, 'Aw, jeez, do we really need to fire these guys right away?'" says an associate with firsthand knowledge. Romney had long before signed on to

the plan, and he did not order his partners to change it. In public he said he had tried to save the jobs but was rebuffed.

Randy Johnson, who led the paper union at the time, found Romney's self-defense hard to believe given that Romney was in charge of Bain. "It was destructive, and it hurt people. Don't try to con your way out of it," he says.

There have been times when Romney acknowledged the ruthlessness of the marketplace. Twelve times in *No Apology*, he embraces "creative destruction," a phrase coined by the economist Joseph Schumpeter to make the case for discarding unproductive jobs and businesses in order to free up capital for innovation. "Creative destruction is unquestionably stressful—on workers, managers, owners, bankers, suppliers, customers and the communities that surround the affected businesses," Romney writes. "The pressures these groups put on political leaders to block game-changing innovations can be intense." But Romney and his aides rarely talk about creative destruction anymore. In a lengthy interview, a top campaign adviser declined to say anything about it on the record.

## A MAN AND HIS BOSSES

IF ROMNEY WAS TYPICALLY ALLERGIC TO outside financial risk, he could be a shrewd, even daring, inside operator. When Bill Bain first offered Romney



The honest broker Romney could be a shrewd, even daring, inside operator

the Bain Capital job, the younger man stunned him by turning it down. Romney was a superstar at the consulting firm and did not want to risk his income or his job. Bain later told the *New York Times* that he had to guarantee Romney's salary and promise that he could return to Bain & Co. if the new venture failed. By the time Romney accepted, "all the risk and investment was basically on my side," Bain said.

Bob White, an old friend and a campaign adviser who joined Romney at Bain Capital, says the change of job was a bold move nonetheless because half the seed money for the new venture belonged personally to the Bain & Co. partners. "If we went out and we lost their money—I don't care what guarantees or what assurances—we were not going to go back to Bain & Co.," White says. "In retrospect it looks like a no-brainer. But at that moment in time it was a big risk for both of us."

By 1991, Romney's investment business was thriving and the sister consulting firm was in desperate financial trouble—ironically because of its own attempt at a leveraged buyout. Bain and his seven co-founders had borrowed more than \$200 million on behalf of the company and paid most of it to themselves, in effect cashing out their equity without giving up their controlling stake in the firm. But then business took a downturn, and the company could no longer meet its loan obligations.

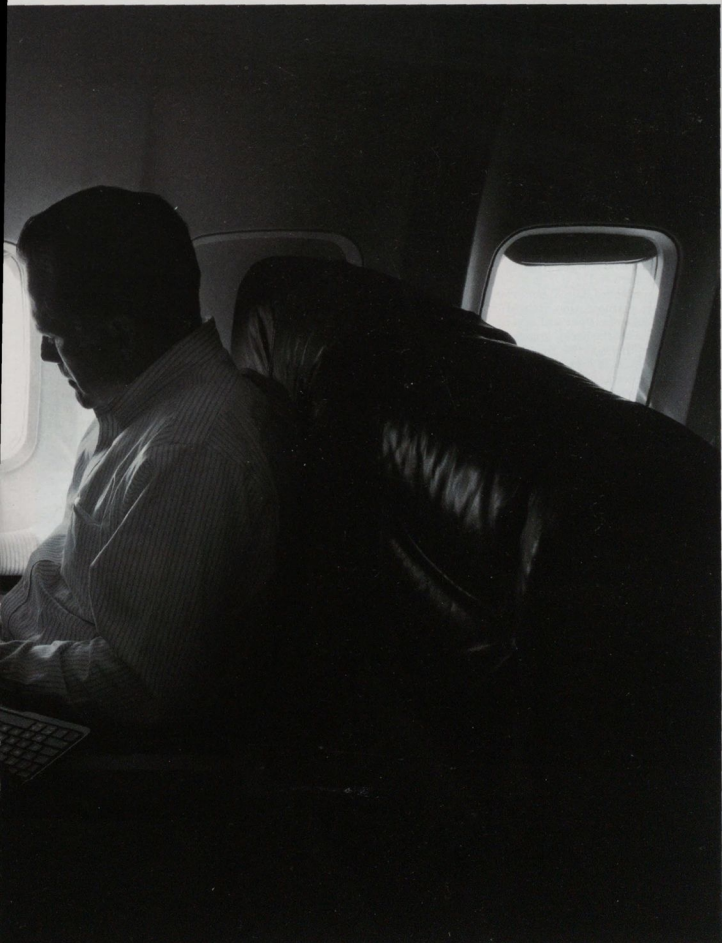
Amid enormous tensions among the owners and partners, Bain & Co. turned to Romney, as the only honest broker who had everyone's trust, to right the firm. "There were in my opinion no other candidates," says Thomas Tierney, then the head of the company's San Francisco office.

At one early meeting, a Goldman Sachs partner named Mikael Salovaara told Romney that Bain & Co. did not have even a 5% chance of surviving. Romney began to probe, but Salovaara cut him off. "Why don't you shut up and let me finish talking?" Salovaara said.

"Mitt stood up, Salovaara stood up,"

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**Window seat** Romney en route from Boston to New Orleans on Aug. 20. At Bain, he would spend hours taking copious notes

says Rehnert, and "I thought I was going to see Mitt get in a fistfight." Friends pulled Romney out of the room. By the end of the day, Romney persuaded Bill Bain to fire Goldman Sachs and give him authority to broker a deal.

Romney summoned Bain & Co.'s 17 top nonequity partners, who brought in most of the business but had never been allowed to see the books. Romney showed them. "This is a crisis that's going to play itself out in days and weeks, not months and years," he said. For three days he kept the partners in a conference room, asking for unanimous consent that he become interim CEO. Then he went to Bain and asked the same.

Romney negotiated write-downs from Bain & Co.'s creditors, telling them they could have 50¢ on the dollar or stand in line in bankruptcy court. He persuaded the senior partners to take on the firm's remaining debt if the founders would hand over ownership. And then he sought a meeting with Bain, who arrived from a formal dinner in a tuxedo. Romney told Bain that he and the other owners would have to relinquish control of the firm and give back most of the money they had taken out of it.

Bain quivered with emotion, Tierney says, and "his reaction was, 'This is my company. I am not negotiating.'" Still, Romney gave him a day to consider the deal. Bain and his co-founders accepted. Mentor and protégé had reversed roles.

## THE MAKINGS OF A PRESIDENT

HIGH-PERFORMING PEOPLE IN THEIR PRIME tend to hang on to the habits that brought them success. Romney has promised he will do just that if he carries his business expertise to the Oval Office.

No career can fully prepare you for the incomparable responsibilities of the presidency, but Romney's business record displays qualities that nearly anyone would want to see in the White House. He has been a sharp judge of managerial and

## THE DEAL: DOMINO'S

When Domino's Pizza founder Tom Monaghan announced his retirement in 1998, he sold nearly his entire stake to Bain for \$1.1 billion. The pizza chain increased its revenue and earnings under Bain and took on \$1.5 billion in debt. Today, Domino's is the nation's largest pizza-delivery chain, with more than 9,500 stores worldwide. Bain investors reportedly received a fivefold return on investment.

VERDICT: SUCCESS

analytic talent, recruiting and holding the loyalties of able people in his investment firm and in the companies he bought. He could not have succeeded in management consulting or private equity without considerable skills as a strategist, salesman and negotiator. Romney's accomplishments demonstrate "a very high level of intelligence, an ability to size up the situation and put the pieces together, to see the big picture, where they're trying to go and what they're trying to accomplish," says Margaret Blair, a Vanderbilt Law School economist who teaches management law. "Those are good things that would serve a person well who is trying to be the President."

Yet there are habits of Romney's business career "that I think don't translate at all," she says. "If you walk in the door and you're from the private-equity firm that has just bought the controlling interest in some company, you literally own the place. You can tell people what to do, and they'll do it. That's not the way politics works."

Romney guided Bain Capital through its stratospheric rise with an extraordinarily selective approach to problem solving. He and his partners did not have to concern themselves with the whole wide world of corporate transactions. Even as a multibillion-dollar company in its later years, Bain Capital

needed only a few big wins to earn its high returns. Romney learned to filter out most of the files that reached his desk, directing his attention to the fraction that showed the most promise and lowest risk.

To do all that well is very far from easy, but that is not the province of a Commander in Chief. Only the hardest problems head to the Oval Office, many of them with high stakes, high risks, ambiguous evidence and only imperfect outcomes. The problems come in twos and threes and tens, allowing little uninterrupted time for deep reflection. And a President can sidestep very few of them, however unattractive the odds of success.

Bob White, a longtime partner who now serves as one of Romney's closest campaign advisers, believes otherwise. "In business you can walk away from some things, but you can't when you're governor, and you can't when the Olympics needed to be put on," White says. "He did work in private equity and was involved in lots of companies, but then he's taken all that he has learned and applied it elsewhere and succeeded under enormous pressure in turnaround situations again and again."

The question facing voters is whether they believe Romney's skills as a businessman can transfer and help him succeed in the less empirical realm of politics.

Jody Baumgartner, a scholar of the presidency at East Carolina University, discounts "the myth that's grown up in the last couple of decades that good executives or good businesspeople will necessarily make good political leaders." Managerial experience, he says, is not the same as political leadership, relationship building in Congress or the crucial ability to read and shape the public mood. "Some of Romney's business skills might be helpful, but business is not politics, and politics is not business. Otherwise, we'd have the same word for it." —WITH REPORTING BY CLEO BROCK-ABRAHAM AND ANDREA SACHS/NEW YORK AND NICOLE GREENSTEIN/WASHINGTON

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COVERAGE OF  
ROMNEY, GO  
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# PROMISES AND POLITICS. HOW WILL MITT ROMNEY TACKLE THE BIG ISSUES?

BY ALEX ALTMAN, ELIZABETH DIAS AND JAY NEWTON-SMALL

## THE BUDGET

### THE PROMISE

Romney's tax plan includes a permanent 20% decrease in income tax rates, which would reduce the top bracket to 28% from 35%. Romney would maintain rates on earned interest, capital gains and dividends for people making more than \$200,000 and exempt those who earn less, while repealing the alternative minimum tax and estate tax.

### THE POLITICS

Romney's plan broadly pledges popular tax and spending cuts but doesn't get specific about which programs would be cut and which tax loopholes he would close. It would benefit high earners while slightly increasing the burden on low- and middle-income families.

## ENTITLEMENTS

### THE PROMISE

Romney wants to gradually boost the eligibility age for Social Security benefits—and turn Medicaid into a program run by the states. For those currently 55 and younger, he would replace the current Medicare system with a "premium support" program that gives seniors a fixed amount to purchase private insurance.

### THE POLITICS

Romney has embraced the goals in Paul Ryan's road map for reforming federal health insurance programs but has avoided discussing the specifics of Ryan's more controversial measures. Republicans say Barack Obama raided Medicare to pay for Obamacare, but voucherizing the program would be a far more dramatic reform.

## JOBS

### THE PROMISE

Romney wants to curb regulations to promote energy development; open new trade markets; beef up job-training programs; rein in teachers' unions; and repeal Obamacare and Wall Street reforms. He says he'll speed hiring by reducing taxes on small businesses.

### THE POLITICS

With unemployment above 8%, this issue could be a winner for Romney, particularly if Republicans take control of the Senate. But for Romney to deliver on his pledge to create 12 million new jobs, the economy would have to grow at a rate faster than it has averaged for the past 60 years.

## IMMIGRATION

### THE PROMISE

Initially a hard-liner on illegal immigration, after the primaries ended, Romney advocated a program to keep undocumented families together. He supports green cards for immigrants with advanced degrees and proposes building a high-tech fence along the entire U.S.-Mexico border.

### THE POLITICS

Romney is between a rock and a hard place: Hispanics back Obama by overwhelming margins, while conservatives don't want reform. Ryan's presence on the ticket complicates matters because he voted against the Dream Act and remains firmly against amnesty.



## FOREIGN POLICY

### THE PROMISE

Romney says he will strengthen U.S. ties with allies and be tougher on enemies and economic competitors. He has so far relied on many of George W. Bush's foreign policy advisers, embracing a potential Israeli attack against Iran, threatening trade penalties against China and calling for an end to negotiations with the Taliban in Afghanistan.

### THE POLITICS

Romney is trying to get to the right of Obama, traditionally an easy pivot for Republican candidates. But it is harder to do this year because of Obama's military success against al-Qaeda and his broader move to the center on overseas matters since 2009.

# THE INTERVIEW

MITT ROMNEY SPOKE WITH TIME'S RICK STENGEL  
AND MICHAEL CROWLEY ON AUG. 21. EXCERPTS:

**The rationale for your candidacy is, I'm a businessman. I know how to fix the economy. I'd love for you to talk about the kind of perspective you have as someone who wasn't a businessman in the way your dad was, the CEO of a manufacturing company, but someone in private equity and a consultant.**

Well, consulting offered me an opportunity to see a lot of different businesses in different regions of the world, to see how textiles were being affected by foreign competition, how technology was changing. I got a chance to work in a number of different industries and see how they were being affected by global affairs and how they made decisions. In the private sector, there is always innovation. There's always change. So there's an urgency to constantly update and renew and to rethink your enterprise. As I look at government, in some respects because people in government don't recognize that they are in a competition with governments of other nations, they tend to think there isn't a need to change the way things have been done. Government grows without bounds because it can, and at some point it weighs down the entire nation.

**What would you do to reform the financial sector? Would you bring back something like Glass-Steagall?**

I think Dodd-Frank has contributed to a concentration of banking assets in the hands of a small number of banks. By designating certain banks as being too big to fail—strategically important banks—it makes it more difficult for the banks not so designated to attract

customers and to expand their business. What we need to do is to make it easier for the community and local banks and regional banks to succeed and thrive, because they, after all, are the places where small and medium-size businesses get their funding. So the whole idea of designating a handful of banks as the government-protected too-big-to-fail banks is the wrong course. There are others who suggest, Well, let's go back to Glass-Steagall and separate commercial banking from investment banking. But interestingly, that was not a cause of the last crisis. Trying to solve problems that did not exist may be counterproductive.

**Critics are saying the math in your budget does not add up. What are these critics missing? Why is their math not adding up the way yours is?**

The basic foundation and premises of my plan are No. 1, we don't reduce taxes or the share of taxes paid by the highest-income individuals. The highest-income individuals will get to pay the same share of taxes they pay today. No. 2, we won't raise taxes on middle-income families. I happen to believe that lower marginal rates encourage higher economic growth, put more people to work, bring more businesses with more corporate profits, and all of these things contribute additional revenue.

**Your campaign allowed reporters into church services on Sunday. And I wonder, is that an indication that you feel you might want to be opening yourself up a bit more? The media is always able to come into our church services. I didn't invite anyone in.**

That being said, people are certainly free to learn more about my religious beliefs and the practices of my faith and what role I've had in my church. You know, I do recognize and I feel very comfortable with people taking a good look at how I've lived my life, and obviously my faith is a big part of that. For quite a number of years, I was very involved in being a pastor of a congregation where I attended church, and I had pretty extensive interaction with a large number of individuals and families that were the potential beneficiaries of my counseling advice. So that's obviously part of my life.

**Are there any misconceptions that Americans have about your faith and your church that you feel like, Gee, I wish people only knew X or I wish they didn't think Y?**

I'm sure there are many misconceptions about any religion, but I feel it's the responsibility of the faith itself to clarify any of those misconceptions. My run for office is devoted to the needs of the nation and not to the need my church might have to clarify positions.

**You said President Obama was running, I believe the phrase was, a campaign of hate. Do you think President Obama hates you personally? And how do you feel about him now?**

I think that the President's campaign has taken on a course of divisiveness and attack which is very different than the campaign of hope and change which he described in his first run for office. When I became the presumptive nominee of the party, the President called me and congratulated me and said that he thought the nation would benefit from an honest and open debate of the issues in the course forward. I agreed with him. But I have yet to see that from his campaign. Instead, it has been one attack after the other—one accusation—all of which or most of which have been distortions or misguided. And I think it's beneath the office of the presidency to engage in a campaign of the nature that he has pursued. My campaign is

'I FEEL VERY  
COMFORTABLE  
WITH PEOPLE  
TAKING A  
GOOD LOOK  
AT HOW I'VE  
LIVED  
MY LIFE.'



focused on his policies and on the failure of those policies, in my view. But I will not waste a campaign attacking him as an individual. I've not tried to divide Americans between one class or another or one location or another or one occupation or another. I happen to feel that we are united as a nation, and that's a source of strength. And the divisiveness and the personal character assassination, I think, is an unfortunate course, and I don't think it will be a successful one.

**And you hold him personally accountable for that character assassination?**

Well, I'm responsible for what happens in my campaign. He's responsible for what happens in his. And if people in my effort say things that I find repugnant or offensive, I will correct those things, remove those things and make sure that people know I disagree with them.

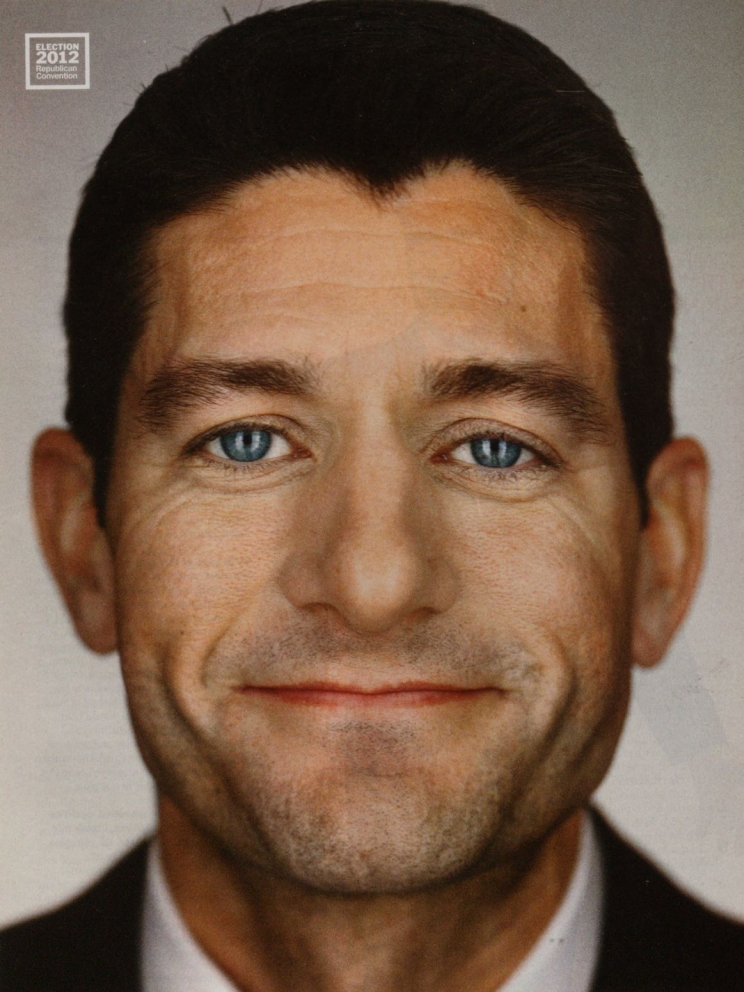
**By the end of this year, the first troops will start coming back from Afghanistan, according to the plan President Obama has outlined. Is that too soon?**

I concurred with his decision to add surge troops to Afghanistan. I also concur with the timetable of bringing our troops home by the end of 2014. There are some differences. I would not have announced publicly the withdrawal date of the end of 2014. That is something I would have kept between our military and the Afghan military and political leadership. I don't think the Taliban and other forces ought to know the precise timetable of our plan.

**You said your aspiration would be to defeat the Taliban. I think this came up in a debate. Do you think that is still a possible goal?**

I do not expect the Taliban as an organization or as a group of people are going to disappear. But I want to see the Afghan military of sufficient capacity and strength and know-how to be able to defend the sovereignty of their nation and keep it from being overrun by the Taliban. ■

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# THE BIG IDEA GUY

HOW A NOVELIST, AN ECONOMIST,  
A PRESIDENT AND A SAINT  
HELPED SHAPE PAUL RYAN'S  
VIEWS ABOUT GOVERNMENT

BY MICHAEL CROWLEY

PHOTOGRAPH BY MARTIN SCHOELLER FOR TIME

# PAUL RYAN MAY BE AMERICA'S

most famous budget wonk. But he's more than a number cruncher. Ryan's budget math is drawn from the political and economic theories of his many intellectual idols. It's possible that Mitt Romney loves the grand ideas of the conservative movement as much as Ryan does, but he certainly doesn't name-check long-dead authors and economists with the relish of his running mate. "Ryan is more of a movement conservative, more a product of the conservative movement" than Romney, says Edwin Feulner, president of the conservative Heritage Foundation.

Ryan wants nothing less than to transform government, slashing its size and reach, overhauling entitlements and generally weaning Americans from reliance on Washington—while preserving his vision of Christian values. Here are some of the people whose big ideas Ryan wants to put into practice.

## THE WRITER: AYN RAND

TO HEAR RYAN TELL IT, NO ONE HAS SHAPED his worldview more than the author of the epic novels *Atlas Shrugged* and *The Fountainhead*. "The reason I got involved in public service, by and large—if I had to credit one thinker, one person, it would be Ayn Rand," Paul told a group of Rand aficionados in 2005. In 2003 Ryan said he gives copies of *Atlas Shrugged* to his staff as Christmas presents, and he has called her work "required reading" in his office. Rand was a passionate believer in individual freedom who argued that selfishness is a virtue because

society works best when people pursue their truest aspirations: "Accept the fact that achievement of your happiness is the only moral purpose of your life," she writes in *Atlas Shrugged*. Rand saw government as an obstacle to happiness; a modern Randian strain on the right argues that government isn't just inefficient and expensive but is actually immoral, creating a culture of dependency that stunts free will.

Ryan's rhetoric echoes this view. "It is not enough to say that President Obama's taxes are too big or the health care plan doesn't work for this or that policy reason," he said in 2009. "It is the morality of what is occurring right now, and how it offends the morality of individuals working toward their own free will to produce, to achieve, to succeed, that is under attack." That dynamic, he added, is "what I think Ayn Rand would be commenting on."

As his profile has risen, Ryan has sought to distance himself from Rand—especially after liberal Catholic groups bashed his admiration for a woman who scoffed at religion's "blind belief, belief unsupported by ... the facts of reality." "I reject her philosophy," Ryan told *National Review* in April. "It's an atheist philosophy."

## THE THEOLOGIAN: THOMAS AQUINAS

IF NOT AN ATHEIST, HOW ABOUT A SAINT? "If somebody is going to try to paste a person's view on epistemology to me," Ryan said earlier this year, "then give me Thomas Aquinas." The medieval philosopher, who wrote extensively about the existence

of God and the morality of human behavior, was canonized in 1323 and was later declared the patron saint of all Catholic institutions of learning.

Ryan may be known as a numbers man, but he's also a devout Catholic who follows his church's lead on social issues. "The work I do as a Catholic holding office conforms to the social doctrine as best I can make of it," he said in April. That means staunch opposition to abortion, which Ryan has said should be banned even in cases of rape and incest, with exceptions only to protect the life of the mother. The National Right to Life Committee gives him a perfect rating, and last year Ryan co-sponsored a House bill that would limit federal funding for abortion to victims of "forcible rape" and incest, a point receiving increased scrutiny after Representative Todd Akin's musings on "legitimate rape." He also opposes gay marriage and Obama's reversal of the U.S. military's "Don't ask, don't tell" policy.

But Ryan says Catholic doctrine informs more than his views on social issues. His mission to reduce spending is partly inspired, he said in April, by the Vatican. "The Holy Father, Pope Benedict, has charged that governments, communities and individuals running up high debt levels are 'living at the expense of future generations' and 'living in untruth,'" he said. In which case the Ryan budget could be interpreted as a play for fairness and honesty, at least in the eyes of its maker.

## THE ECONOMIST: FRIEDRICH HAYEK

RYAN FIRST DELVED INTO THE WORK OF Austrian economist Friedrich Hayek, author of the 1944 book *The Road to Serfdom*, as a student at Miami University in Ohio. Since then Hayek has become a touchstone for antigovernment conservatives. Hayek fiercely opposed government intervention in the economy, which he said was too complex for politicians to manage properly. In *Serfdom* he went a step further, arguing that government meddling in the economy would inevitably lead to state control over all of society, possibly even dictatorship.

## RYAN'S WORLD. FROM REAGAN TO FREE WEIGHTS, WHAT MAKES HIM TICK



### RONALD REAGAN

The modern hero to all conservatives, Reagan matched an idealist's vision with an ability to compromise



### JUDE WANNISKI

The writer urged the GOP to portray itself as a champion of tax relief rather than austerity



### WEIGHT LIFTING

Ryan credits his abs to the P90X fitness regime and leads House members in workouts



### BILL BENNETT

The former Education Secretary once gave Ryan a reading list—from Shakespeare to the Federalist Papers



### AYN RAND

Ryan gives out Rand's novel *Atlas Shrugged* as a Christmas present and urges his interns to read it



### JACK KEMP

Some say the 1996 GOP VP candidate was a surrogate father to Ryan



### FRIEDRICH HAYEK

The Austrian economist's *Road to Serfdom* is one of the books Ryan often rereads, along with the Bible and *Atlas Shrugged*



### FLETCH

Ryan is a fan of the movie; his college friends say he often quoted from it



### THOMAS AQUINAS

A staunch Catholic, Ryan is influenced by the teaching of saints like Aquinas



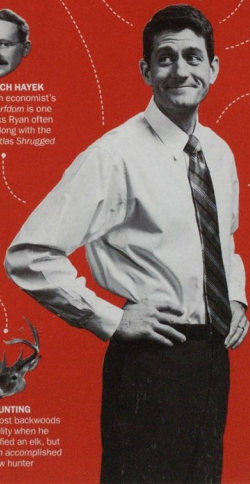
### RAGE AGAINST THE MACHINE

The band is on Ryan's iPod—though its guitarist says Ryan is for everything the band is raging against



### HUNTING

Romney lost backwoods credibility when he misidentified an elk, but Ryan is an accomplished bow hunter



(The book recently became a favorite of Tea Party activists convinced that Washington is amassing extreme new powers.) Ryan has recently invoked Hayek's thinking, including in a 2011 address to the Conservative Political Action Conference in which he cited the economist's concept of the "fatal conceit" and added, "The idea that a few bureaucrats know what's best for all of society, or possess more information about human wants and needs than millions of free individuals interacting in a free market, is both false and arrogant."

Ryan has acknowledged the influence of other well-known free-market economists. One is Ludwig von Mises, a hero of GOP libertarian Ron Paul, perhaps the most famous proponent of maintaining the gold standard as the basis for the U.S. dollar. Ryan is also an admirer of the late Milton Friedman, a University of Chicago economist who argued that fighting unemployment through monetary policy leads to inflation. That may inform Ryan's view that the Federal Reserve shouldn't weigh employment in its decisions. Friedman "would be extremely critical of the Federal Reserve" today, Ryan said recently, and would say "we're really playing with fire from a monetary standpoint."

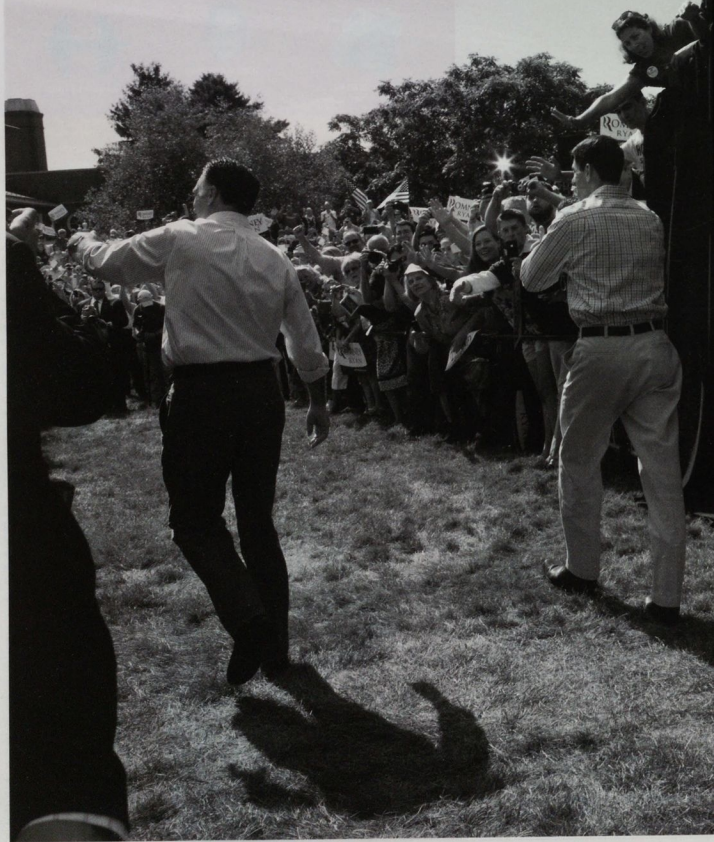
For all his love of free-market economics, however, Ryan's critics note that his voting record is more complex. Ryan supported two massive government interventions in the economy, the bank and auto bailouts. Even his Medicare plan doesn't go far enough for some. "He's been very explicit that he wants to save Medicare," notes Edward Hudgins, a senior scholar at the pro-Ayn Rand Atlas Society. "We'd like to see the private sector handle this the way it handles auto insurance."

## THE CONGRESSMAN: JACK KEMP

RYAN WAS JUST OUT OF COLLEGE IN THE early 1990s when he went to work for the man he has called one of his most important mentors, Jack Kemp, at Empower America, a think tank Kemp co-founded after he left Congress. Kemp was perhaps best known at the time as a champion of

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Photograph by Lauren Fleishman for TIME



**That's the ticket** Romney and Ryan in Manchester, N.H., on Aug. 20

supply-side economics, which holds that tax cuts will at least partly pay for themselves through faster growth.

Conceived in the mid-1970s when upper-income tax rates were as high as 50%, supply-side theory holds that high taxes smother industry and growth because people don't work as hard to earn more when the government will take a large chunk of their additional income. Crucial to this theory is the idea that tax cuts don't cause big deficits because lower taxes spur growth, expanding the economy and increasing overall tax revenue.

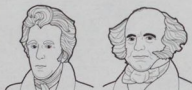
The political appeal is obvious. The problem is that few mainstream economists take pure supply-side theory seriously (though most acknowledge that tax rates can affect growth somewhat). Tax cuts enacted under Ronald Reagan and George W. Bush, after all, were followed by ballooning deficits. For years, fiscal conservatives rejected supply-side theory. George H.W. Bush famously called it "voodoo economics," and GOP budget hawks like former Senators Warren Rudman, Pete Domenici and Alan Simpson generally agreed.

Ryan is among a new generation of Republicans who see it differently. As a young man, Ryan was dazzled by Kemp's vision, says Bruce Bartlett, a former Kemp aide and a recent critic of modern supply-side boosters. "There have always been groupies who hang around the supply-side movement and who kind of worship the ground that Jack Kemp walked on, and Paul was one of them."

Ryan's budgets would cut taxes by \$4.3 trillion over the next decade, according to an analysis by the nonpartisan Tax Policy Center, while he has detailed spending cuts of only about half that sum. Ryan says his tax cuts would make up the difference, juicing the economy and increasing revenue. But his assumptions about growth under his plan are highly optimistic and not widely shared.

That the GOP has embraced his budget, however, represents the triumph of the supply-siders within the party. Kemp once joked that you could fit all the supply-siders in Washington into a phone booth.

## GOOD HAIR DOESN'T GUARANTEE A WIN. BUT IT DOESN'T HURT EITHER



1832  
ANDREW JACKSON and MARTIN VAN BUREN



1976  
JIMMY CARTER and WALTER MONDALE



1980  
RONALD REAGAN and GEORGE H.W. BUSH



2004  
JOHN KERRY and JOHN EDWARDS



2012  
MITT ROMNEY and PAUL RYAN

But today his disciples dominate the party. Ryan, meanwhile, has added a new twist to Kemp's ideas. While early supply-siders emphasized tax rates far more than spending levels, Ryan's House budget plan would slash federal outlays to 1950s levels in most categories except defense. His open determination to tackle entitlements like Social Security and Medicare, a tack long considered politically suicidal, fuses his Randian views with his supply-side ones. "Paul is different from Jack Kemp because he does worry about the size of government," says Feulner of the Heritage Foundation. "Jack was more or less convinced that we could always grow our way out of it. I don't think even Jack could say we could grow our way out of this."

## THE PRESIDENT: RONALD REAGAN

BUT RYAN IS NOTHING IF NOT AN OPTIMIST. He is also a believer that a relatively pure brand of conservatism is the path to both political and economic success. In that sense he is an heir to the tradition of Ronald Reagan, the most successful product of the modern conservative movement. (Reagan, in turn, was an heir to the crusading conservatism of Barry Goldwater, whose 1964 presidential campaign was a rebuke to moderate GOP establishment leaders, including Mitt Romney's father George.)

Like Reagan, Ryan is unapologetic about his ideology; he has survived in a left-leaning Wisconsin congressional district in part, local observers say, because of his willingness to own his conservative views with pride. Reagan was also a believer in supply-side economics, surrounding himself with its proponents and passing big tax cuts based on their ideas. And like Reagan, Ryan has put a chipper, smiling face on his agenda, helping disarm critics who consider his budget math to be coldhearted toward the poor and elderly.

"Government isn't the solution," Reagan argued. "Government is the problem." If Ryan can convince voters that that's true, he'll soon be in a very powerful position to do something about it.



ELECTION  
2012  
Republican  
Convention



# THE PARTY OF NO

IF ROMNEY AND RYAN  
WIN, HOW WILL THEY  
HANDLE THE ELEPHANT  
IN THE ROOM?

BY MICHAEL GRUNWALD

ILLUSTRATION BY OLIVER MUNDAY FOR TIME

# IT WAS DECEMBER 2008,

Barack Obama had just been elected—and the Republican Party had just followed George W. Bush off a political cliff. After preaching small government, balanced budgets and economic growth while producing bigger government, exploding deficits and economic collapse, they had gotten pasted for the second straight election. Publishers were rushing out titles like *The Strange Death of Republican America* and *40 More Years: How the Democrats Will Rule the Next Generation*. “We were in disarray,” recalls Representative Pete Sessions of Texas. “People were comparing us to cockroaches, saying we weren’t even relevant. We had to change the mind-set.”

With the economy in free fall and Obama’s approval rating in the stratosphere, the Beltway believed chastened Republicans would have to cooperate with him. But Eric Cantor of Virginia, the new House minority whip, believed chastened Republicans should start acting like Republicans. He summoned his whip team to his condo building to plot strategy, and the strategy was: Fight. He invited two pollsters to the meeting, but no policy experts because he wanted Republicans to be communicators, not policymakers. They lacked the power to block the Obama agenda, but they could win the battle for public opinion if they could stick together, so Obama couldn’t claim bipartisan victories.

“We’re not here to cut deals and get crumbs and stay in the minority for another 40 years,” Cantor said. “We’re not rolling over. We’re going to fight these guys. We’re down, but things are going to change.”

A few weeks later, Sessions began his presentation at a House Republican leadership retreat in Annapolis, Md., with an existential political question: “If the purpose of the majority is to govern... What is our purpose?” The answer was not to promote Republican policies, or stop Democratic policies, or even make Democratic bills less offensive to Republicans. “The purpose of the minority is to become the majority,” Sessions wrote. “That is the entire conference’s mission.”

Mission accomplished. In the 2010 elections, the GOP reclaimed the House, ushering in two years of bitter stalemate with Obama and the Democratic Senate. But they still haven’t done much legislating. They’ve defined themselves politically by their opposition to Obama, papering over tensions between the Republican Party establishment and Tea Party activists. They’ve defined themselves ideologically by their tentative embrace of Paul Ryan’s ambitious budget plan. So if Mitt Romney wins the White House with Ryan at his side, how would the Party of No try to govern?

To make an educated guess, it helps to go back to the start of the Obama era.

## ‘IF OBAMA WAS FOR IT ...’

SENATE REPUBLICANS HELD THEIR OWN retreat in January 2009 at the Library of Congress, and they were even gloomier than their House counterparts. “We might find ourselves in the minority for generations,” groaned Utah Senator Bob Bennett. Five of the 41 surviving GOP Senators

would soon announce their retirement.

“We were discouraged, dispirited and divided,” Bennett recalls. “The one guy who recognized that it need not be so was Mitch McConnell.”

The owlish, studiously bland Senate minority leader from Kentucky was the unlikeliest of motivational speakers. He was a strategy guy, cynical and clinical; he reminded his members to stay calm, stay on message and stay united. Obama had promised postpartisanship, and Republicans could turn him into a promise breaker by withholding their support. “We got shellacked, but don’t forget we still represent half the population,” McConnell said. “Republicans need to stick together as a team.” Or as Ohio Senator George Voinovich summarized the strategy: “If Obama was for it, we had to be against it.”

The first major Obama initiative would be his stimulus plan, an \$800 billion package of tax cuts and spending programs designed to resuscitate an economy that was hemorrhaging 800,000 jobs a month. Who could oppose a jobs bill during a jobs crisis? Every presidential candidate had proposed a stimulus during the 2008 campaign. Romney’s plan was actually the biggest.

But McConnell believed Republicans had nothing to gain from me-too-ism. He reminded his caucus that Republicans wouldn’t pay a price for opposing Obama’s plan if it succeeded, because politicians get re-elected in good times. But if the economy didn’t revive, they could return from the political wilderness in 2010. “He wanted everyone to hold the fort,” Voinovich later explained. “All he cared about was making sure Obama could never have a clean victory.”

The Republican strategy on the stimulus was as simple as it was clever. The Obama plan had \$300 billion worth of tax cuts, plus all kinds of spending that had enjoyed some bipartisan support: unemployment benefits, infrastructure, research and much more. It even included the Race to the Top education reforms, anathema to Democratic teachers’ unions. But the GOP message never wavered: Big Government, big spending, big mess.

# HUNGER KEEPS UP ON CURRENT EVENTS, TOO.

1 IN 6 AMERICANS STRUGGLES WITH HUNGER.

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WE'RE

FEEDING  
AMERICA



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Inside the leadership team, though, there were tensions between Cantor, who wanted to put Republican politics first, and GOP conference chairman Mike Pence of Indiana, who wanted to put ideological conservatism first. Ultimately, the Republicans fell off both sides of the horse. The official \$478 billion GOP alternative was a Pence-style ideological bill, consisting entirely of tax cuts and unemployment benefits. But Republicans also crafted a Cantor-style political bill, a \$715 billion substitute with even more traditional infrastructure than the Democratic bill. Most House Republicans—including Ryan—voted for both. They never did explain how their stimulus could be good public policy while Obama's similar \$787 billion stimulus was freedom-crushing socialism, but their no vote was unanimous. "The caucus had decided we weren't going to give Obama a bipartisan victory on this," recalls moderate Republican Mike Castle of Delaware.

But three moderate GOP Senators voted yes, so Obama won a huge policy victory, a down payment on his campaign promises to reform energy, health care, education and the economy. And one of those moderate Republicans, Arlen Specter, faced such a backlash that he defected to the Democrats, giving Obama the filibuster-proof majority he needed to pass his health reforms.

Nevertheless, Republicans were jubilant. The stimulus was unpopular, so they believed they had won by losing. At a caucus retreat at a Virginia resort, House minority leader John Boehner replayed the video of the vote, prompting a standing ovation. "We'll have more to come!" Cantor said. Pence showed a clip from *Patton* of the general rallying his troops against their Nazi enemy: "We're going to kick the hell out of him all the time and we're going to go through him like crap through a goose!"

The stimulus debate established the pattern for the next four years. Republicans opposed the entire Obama agenda—a health care plan based on Romney's, a cap-and-trade regime that McCain had supported in 2008, financial reform after a financial meltdown, Obama squeezed his health care and Wall Street reform



**Standing firm** McConnell exhorted his members to stay united

bills through Congress anyway, but the quest for 60 votes in the Senate forced him to cut deals that made his initiatives look ugly. And the Tea Party—which held its first rally 10 days after Obama signed the stimulus—became a powerful force opposing the Obama agenda, and a double-edged sword for Washington Republicans.

## CAN THEY GOVERN?

SENATOR BENNETT WAS A LOYAL SOLDIER in McConnell's army of No, voting against the stimulus and Obamacare. He had been just as loyal a soldier in Bush's army of Yes. But to the Tea Party, that was no longer a point in "Bailout Bob's" favor. Utah's GOP convention didn't even let him defend his seat in a primary in 2010, choosing two Tea Partiers to run instead. "It was just, 'You betrayed us! You voted with Bush!'" Bennett says. "I remember being at Republican conventions where people would say, 'Stand firm with Bush! So I did, and now you hate me?'"

Bennett says his friend Romney commiserated with him about the Tea Party's ingratitude, telling a presumably apocryphal story about getting bitten by a ferret he had tried to rescue from a dishwasher. "Mitt said the Tea Party people are like that ferret in the dishwasher," he says. "They're so frightened and angry, they'll even bite Bob Bennett, who's trying to get the country out of this mess."

Insufficient anti-Obama fervor had become politically fatal in the GOP. Tea Partiers won rage-a-thon Republican primaries against less dogmatic candidates in

Delaware, Colorado, Connecticut, Nevada, Kentucky and Alaska, which ultimately cost the GOP control of the Senate in 2010.

As the party comes together in Tampa, it's still not clear whether it can unite behind an agenda. Since the midterms, Washington Republicans have struggled to ride the Tea Party tiger. They've crusaded against spending and debt, threatening to shut down the government if Obama wouldn't agree to their austerity demands. They have pushed—although less vigorously after it polled terribly—the Ryan plan of massive tax cuts for "job creators," a controversial overhaul of Medicare for future generations and dramatic but unspecified cuts in other nondefense spending.

Romney has already distanced himself from some of the few draconian specifics of Ryan's plan. But he has proposed even more aggressive tax cuts for businesses and investors, which have defined the GOP agenda for decades. Would the Republicans also cut spending? That's harder to say. They haven't in the past; history suggests their concern about deficit reduction mostly emerges when they're out of power. There's a reason Romney won't specify what he wants to cut beyond NPR and Amtrak. It's the same reason Ryan trashed the stimulus as a "wasteful spending spree" while seeking stimulus dollars for his district. Government spending—on Medicare, defense and even the actual contents of the stimulus—remains popular, even though "the government" is not.

And while "deficit reduction" is popular, the spending cuts that actually reduce the deficit are not.

In 2008, Republicans said they were done with Bush-style Big Government conservatism. But the temptation to cut taxes and keep spending remains. Romney will have to decide how fully to embrace the Tea Party vision. And then the ferret will

have to decide whether to bite. —WITH REPORTING BY WALTER ALARKON ■



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# If You Bought a TV, Monitor or Notebook Computer That Contained an LCD Flat Panel Screen

**File a Claim Now to Get Money from Settlements Totaling Almost \$1.1 Billion.**

This is the second notice in this case. Settlements have now been reached with AU Optronics, LG Display and Toshiba ("New Settlements"). The Court previously approved Settlements with seven other Defendants.

**Members of the Statewide Damages Classes can file a claim now to get a payment from all Settlements (see below).**

## What are the lawsuits about?

The lawsuits claim that the Defendants conspired to fix, raise, maintain or stabilize prices of thin film transistor liquid crystal display ("TFT-LCD" or "LCD") Flat Panels, resulting in overcharges to consumers who bought TVs, monitors or notebook computers containing Flat Panels. The Defendants deny Plaintiffs' allegations or that consumers paid any overcharge. The Court has not decided who is right.

## Who is included in the lawsuits?

This case has recovered money for consumers in 24 states and the District of Columbia and governmental entities in eight states, and nationwide injunctive relief to stop the Defendants' alleged behavior.

**Statewide Damages Classes:** Generally, include any person or business that indirectly purchased a TFT-LCD Flat Panel, which had been incorporated in a TV, monitor or notebook computer, from any of the Defendants or Quanta Display Inc., from January 1, 1999 to December 31, 2006, for their own use and not for resale, while residing in the 24 states or the District of Columbia. "Indirectly" means that you purchased the product containing the LCD Flat Panel from someone other than the manufacturer of the LCD Flat Panel.

The purchase must have been made in the same state where the person or business resided. Businesses in Rhode Island and Missouri and indirect purchasers who also had direct purchases (previously not included) may now participate in all 10 Settlements.

The 24 states are: AZ, AR, CA, FL, HI, IA, KS, ME, MA, MI, MN, MS, MO, NV, NM, NY, NC, ND, RI, SD, TN, VT, WV and WI. See specific class definitions at [www.LCDclass.com](http://www.LCDclass.com).

**Nationwide Class:** Includes any person or business that indirectly purchased in the United States, a TFT-LCD Flat Panel, which had been incorporated in a TV, monitor or notebook computer, from any of the Defendants or Quanta Display Inc., between January 1, 1999 and February 13, 2012, for their own use and not for resale, and resided in the United States on February 13, 2012.

**Attorneys General Actions:** The Attorneys General of AR, CA, FL, MI, MO, NY, WV and WI are participating in these Settlements to resolve related claims arising from the same allegations as asserted in the class actions: (1) on behalf of state residents under state law and the doctrine of *parens patriae*, which allows a state to bring a lawsuit on behalf of its citizens, and/or for governmental entities; and (2) for civil penalties.

## What do the Settlements provide?

Three New Settlements totaling \$543,500,000 are being presented to the Court for approval. In addition, AU Optronics and LG Display are making payments to resolve claims for civil penalties brought by the Attorneys General. To the extent AU Optronics, LG Display and Toshiba continue to manufacture LCD Flat Panels, they have agreed not to engage in conduct that is at issue in these lawsuits and/or will establish (or maintain) a program to educate their employees about complying with the law. The combined Settlement Fund (totaling \$1,082,055,647) will be used to pay individual and business consumers in the 24 states and DC. A portion of the Settlement Fund will be distributed to governmental entities in the eight states with Attorneys General Actions.

Payments will be based on the number of valid claims filed as well as on the number/type of LCD Flat Panel products you purchased. It is expected that a minimum payment of \$25 will be made to all Class Members who submit a valid claim. It is possible that any money remaining after claims are paid will be distributed to charities, governmental entities or other beneficiaries approved by the Court. More details are provided in the Settlement Agreements and other documents available at [www.LCDclass.com](http://www.LCDclass.com), or by calling the toll-free number below.

The cost to administer the Settlements, attorneys' fees, costs and expenses, and awards to the Class Representatives will come out of the Settlement Fund. Plaintiffs' counsel will request attorneys' fees not to exceed one-third of the Settlement Fund, plus reimbursement of costs and expenses.

## How can I get a payment?

You must submit a Claim Form to get a payment. You can submit a claim online or by mail. The deadline to submit a claim is **December 6, 2012**. Claim Forms are available at the website or by calling 1-855-225-1886.

## What are my rights?

The Court will hold a hearing on **November 29, 2012** to consider whether to approve the New Settlements. If you stay in the Classes, you may object to the New Settlements, plan of distribution, attorneys' fees and costs, and awards to Class Representatives by **October 9, 2012**. You or your own lawyer may appear and speak at the hearing at your own expense.

With the exception noted below, the first notice gave you an opportunity to exclude yourself. If you did not exclude yourself, you have given up your right to sue the Defendants on your own for the claims in this case. Only individuals and businesses that indirectly purchased an LCD Flat Panel: (1) while residing in Arkansas; (2) while residing in Missouri or Rhode Island that was not primarily for household or personal use; or (3) that had a direct purchase in addition to an indirect purchase, have until **October 9, 2012** to exclude themselves from the litigation involving AU Optronics, LG Display and Toshiba. If you reside outside of the 24 states and the District of Columbia you keep any right you may have to sue the Defendants for monetary relief.

**For More Information: 1-855-225-1886 [www.LCDclass.com](http://www.LCDclass.com)**

**Text: "LCDclass" to 96000 (Text messaging rates may apply)**



Yao-Jung Chuang, catcher for Taiwan's Kupei-Shan Little League, at the Little League World Series in Williamsport, Pa.  
**PAGE 52**

# The Culture

**50 POP CHART** Barbie in drag / **52 SPORTS** Little League, big talents / **57 BOOKS** London via Martin Amis and Zadie Smith / **60 EDUCATION** Deadline: third grade

# Pop Chart



NEW-'DOS EDITION

## GOOD WEEK/ BAD WEEK

### Gabby Douglas

The gold-medal-winning gymnast hired celeb hairstylist Ted Gibson

### Miley Cyrus

Backlash over the singer's new pixie cut caused "OMG Miley" to trend on Twitter



## GOAL! News Brief

What's more notable than David Beckham in his undies? How about a shiny, 10-ft.-tall, fiberglass David Beckham in his undies that you can touch? To promote the bodywear line that the soccer star designed for H&M, the retailer got literal about his sculpted body: it installed Becks statues at locations in New York and California.



**A FAMILY AFFAIR** Before Tim Burton's blockbusters, there were Stephen and Timothy Quay, identical twins whose stop-motion whimsy graced everything from films (*Street of Crocodiles*) to calligraphy to this commercial for KP Skips crisps, which aired in 1988. Much of their work is on view at New York City's Museum of Modern Art through Jan. 7.

## TWEET-OFF

In the 2000 music video for "Oops!... I Did It Again," an astronaut lands on Mars, encounters a gyrating, lip-synching Britney Spears vacuum-packed into a red rubber suit and hands her a mysterious gift. In 2012, NASA's Curiosity rover actually landed on Mars. Then this happened.



@MarsCuriosity

So  
@MarsCuriosity ...  
does Mars look the  
same as it did  
in 2000?



@britneyspears  
Hey Brit Brit. Mars is  
still looking good.  
Maybe someday an  
astronaut will bring  
me a gift, too. Drill  
bits crossed ;)

@britneyspears

The rover's account is run by human NASA handlers in Pasadena, Calif.

## QUICK TALK

### Ricki Lake

"It was like, WWO: What would Oprah do?" says Lake of hosting her first talk hour at 24. Now 43 and a mother of two, the *Dancing with the Stars* alum has her own vision for *The Ricki Lake Show* (premiering Sept. 10), and it's a far cry from the wacky drama she perfected in the '90s.

—DAN MACSAI

### You've called this show *Ricki Lake 2.0*. What does that mean?

I think the audience that grew up watching me—the things that matter to us have changed. I want to do something that's more thought-provoking, more substance than fluff. It's kind of the upgraded, evolved, more mature Ricki Lake show. **So no more wig snatching and paternity tests?** It's safe to say I'm leaving paternity tests to Maury Povich. **Are there any episodes of old Ricki Lake that you look back on like, "Oh my God, I can't believe we put that on television?"**

Probably every single one of them. But think about it. We went on the air in 1993. Now, with all that's transpired on reality TV—the Kardashians, the Real Housewives—it feels like we were tame in retrospect. We had crazy hoochie mamas and drag queens, which I loved. But they were always real people talking about real issues. I have no regrets. **How often are you approached by fans?** All the time. And they say my name like it's one word. **"Hey, Rickilake!"** Yeah, people think of me as their neighbor or relative, so they all want to touch me and hug me. **That doesn't sound creepy at all.** I like it. It's very flattering!

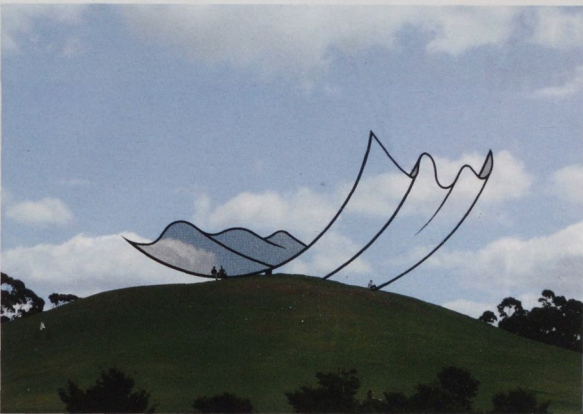


REVIEWS

ON TIME.COM

For our takes on Premium Rush, left, Sleepwalk with Me and more, visit [time.com/entertainment](http://time.com/entertainment)

Other Gibbs sculptures include a giant wand that bends in the wind



**ART MEETS LIFE** Every sculpture on Gibbs Farm—a 1,000-acre New Zealand property owned by millionaire art collector Alan Gibbs—is meant to complement the natural terrain, not overwhelm it. One fan favorite: Neil Dawson's Horizons, above, a 45-ft.-tall steel outline of a napkin falling to the ground.

# VERBATIM

'I think the whole thing, memorizing lines and tryna, like, say 'em and still, like, do movement, all that. That was hard.'



**RYAN LOCHTE**, gold-medal-winning Olympic swimmer, after filming a guest spot on the CW's *90210*



## PIZZABON

Cinnabon's latest treat—now being tested in an Atlanta mall—is part soft, chewy dough, like a cinnamon roll, and part savory, greasy toppings (cheese, sauce, pepperoni), like a pizza. Let's hope they don't add frosting.



## TOYS Life's a Drag

Gender-bending design duo Phillipe and David Blond have crafted a \$125 Barbie doll that sports a bejeweled minidress and faux-fur coat. Mattel calls it the Biond Diamond, but the doll quickly acquired the nickname Drag Queen Barbie because of its resemblance to Phillipe, who often sports a glamour-girl getup.

## 3 THINGS YOU DON'T HAVE TO WORRY ABOUT THIS WEEK

- 1. Running out of ways to show love for Ryan Gosling.** Hey, girl, the actor's hero-heartthrob status is reaffirmed in black and white in a new coloring book, *Cosplay Me Good Ryan Gosling*.
- 2. Running in counterfeit heels.** Customs agents in California seized more than 20,000 pairs of fake Christian Louboutin shoes, worth about \$18 million at retail prices. Caught red-soled!
- 3. Running out of blank tiles.** At the 2012 National Scrabble Championships, a cheater was caught trying to hoard the game's wild-card pieces and was ejected from the tournament.

# Small Ball!

## The faces of baseball's true World Series

By Sean Gregory

ON AUG. 20, WILL LUCAS, A LANKY RIGHTY FROM Fairfield, Conn., pitched a no-hitter in the Little League World Series. His performance was the opening highlight—the *lead*—on ESPN's *SportsCenter* the next morning. That's a lot of pressure to put on a bunch of prepubescent ball-players, a few with voices higher than an Albert Pujols homer. Are we such a sports-obsessed society that we'll devour the sporting thrills and heartbreak of children just to hold us over until football season?

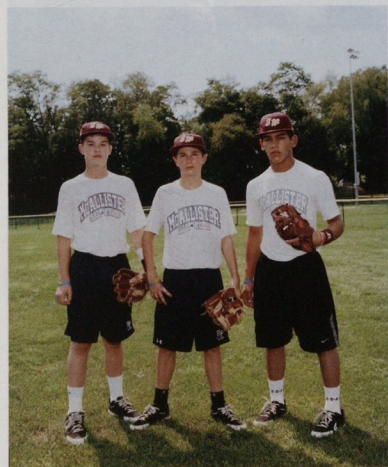
But try telling the 11-year-olds from impoverished Lugazi, Uganda, who play in bare feet at home, why they shouldn't be on television. They'll just keep smiling and having the time of their lives in Williamsport, Pa., host since 1947 to the series—a 10-day tournament featuring eight teams from across the U.S. and eight international teams from places like Mexico, Curaçao, Japan and Panama.

Plus, the kids give better interviews than the pros. After Lucas hurled his no-no, an ESPN reporter asked a typical postgame question: How did it feel to be on the bottom of a celebratory dog pile? "It's exciting," Lucas said. "But then at the end, it really hurts." Sharp, and funny. Can we call him up to the big leagues?





**Party time** Players from Uganda, which made its first Little League World Series appearance, at the opening ceremonies in Williamsport, Pa.



## The Culture

TOP, FROM LEFT

**Cornhusker pride** Christian Dakan, a left fielder and catcher for Kearney Little League in Nebraska. The state sent a team to the series for the first time

**On base** Tyler Woodberry, a pitcher and first baseman, plays for Ramstein Air Base in Germany, which won the Europe Region Championship and has sent seven teams to the Little League World Series

**Breakout star** Will Lucas, a pitcher and shortstop for Fairfield American Little League in Connecticut, threw a no-hitter on Aug. 20 against New Castle, Ind.; Lucas struck out 13 and hit a two-run single in the 4-0 win

BOTTOM, FROM LEFT

**Triple threat** Landry Wideman, Jack Scarborough and Jordan Cardenas from McAllister Park Little League in San Antonio

**Favorite underdogs** Catcher-pitcher Justine Makisimu and left fielder Andrew Namwanja from Lugazi Little League in Uganda. Although Uganda struggled on the field in Williamsport, the team received some of the loudest cheers from the crowds

**Team Nebraska** From left: Kearney Little League's Jake Grappa, Josh Ray, Jake Skala, Zane Schmidt and Jared Wegner. The Midwest champs lost their first two games, bouncing them from the tournament, but beat Germany 17-1 in a consolation game

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littleleague](http://time.com/littleleague)

*Let your inner glow, glow.  
Get out of the sun. Grab some shade.  
There's nothing sexier than healthy skin.*





Protect your skin. Go with the beauty you were born with. It looks great on you.



*Go with your own glow™*

[SkinCancer.org](http://SkinCancer.org)

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# Books

## London Falling. Two novels by major voices explore the city's darker side

By Lev Grossman

APPROXIMATELY 219 MILLION AMERICANS recently watched 5,335 hours of London Olympics coverage, but the London they saw isn't the only London. There are other, more complex, less telegenic Londons lurking just out of shot. Zadie Smith grew up in northwest London, which gives her new novel, *NW*, its title. Martin Amis' *Lionel Asbo: State of England* is set in a London borough called Diston. Diston is fictional, but otherwise the two areas have a lot in common: vertiginous income disparities, multiple cultures and ethnicities and a distinct lack of Olympic-caliber dressage venues.

*NW* is Smith's fourth novel, and it's an ambitious one, but then they all are: ambitious is how Smith rolls. *NW* begins with Leah Hanwell, a white public-interest administrator who's married to Michel, a French hairstylist of African descent. The two are scraping along financially. When they hang out with Leah's best friend, Natalie, a well-to-do lawyer who's married to a banker, Leah marvels at Natalie's life as if she were an elf from Middle Earth: "Everything behind those French doors is full and meaningful. The gestures, the glances, the conversation that can't be heard. How do you get to be so full? And so full of only meaningful things?" But everything in *NW* has meaning of one kind or another; every object ceaselessly, silently broadcasts the socioeconomic status of its owner.

Having established this much, the book gathers itself for a forward leap and then jukes sideways instead, into the mind of Felix, a hard-luck odd-jobs man who grew up in the same public-housing

project as Leah and Natalie. His day begins agreeably and ends with a shocking act of violence.

The book's longest section belongs to Natalie. Her story arrives late in the day, but it's the narrative spine of the book, and in her honor Smith winds the timeline all the way back to when Natalie and Leah were kids, back when Natalie, who's black, was known as Keisha. Everyone around her is so obsessed with smart, perfect Keisha's future that her smart, perfect persona gradually becomes detached from the rest of her. She grows up to become comfortable and successful and totally dissociated from her emotional life—she had "no self to be, not with Leah, or anyone." (Her renaming of herself, to the more racially neutral Natalie, is just one of many acts of self-erasure.)

There are critics who have greeted *NW* as a great novel of race and class, but personally, I struggled with it. Smith has pointedly renounced the rich, overflowing, superbright prose of *White Teeth* and *On Beauty*; the language of *NW* feels deliberately flat, emptied of emotion. London is a jumbled, jangling multicultural profusion, unassimilable into anything whole:

*Sweet stink of the hookah, couscous, kebabs, exhaust fumes of a bus deadlock. 98, 16, 32, standing room only—quicker to walk! Escapes from St. Mary's, Paddington: expectant father smoking, old lady wheeling herself in a wheelchair smoking, die-hard holding urine sack, blood sack, smoking. Everybody loves fags. Everybody. Polish paper, Turkish paper, Arabic, Irish, French, Russian, Spanish, News of the World. Unlock your (stolen) phone, buy a battery pack, a lighter pack, a perfume pack, sunglasses, three for a fiver, a life-size porcelain tiger, gold taps. Casino! Everybody believes in destiny. Everybody.*



This is a shattered city, a wasteland city, witnessed by a mind too depressed to endow it with any organizing meaning.

Which is entirely appropriate for the point of view of Natalie. But it also sharply narrows the book's emotional range. Moments of authentic happiness are vanishingly rare. Every relationship is poisoned with envy or resentment. A sense of defeat, of chaos utterly unredeemed by wisdom or solace or a deeper order dogged my experience of *NW*. It's unimpeachably precise as a portrait of people whose lives have been twisted and truncated by the forces of race and sex and money. In places, it's absolutely brilliant: Smith's dialogue is so electrically authentic, it reads like surveillance transcripts.

But the book ends on an odd offbeat—a loop is closed hastily, a character delivers a rushed, unconvincing summation. It reminds me of how *Mrs. Dalloway*, a much more transcendent epic of chaotic London, might have read if Virginia Woolf had run up against a tough deadline. That may well be the point, and obviously it's not on Smith to solve income inequality (though that would be cool). But *Mrs. Dalloway*, while haunted by inequality and the war and urban alienation, is awash with moments of transient beauty and with love. Has the recession cost us those things too?

## In places, *NW* is absolutely brilliant: Smith's dialogue is so electrically authentic, it reads like surveillance transcripts

I DON'T LOOK TO MARTIN AMIS FOR wisdom and solace, or I haven't lately. But *Lionel Asbo: State of England*—the subtitle is de trop—declares almost no ambitions beyond being quite funny, and it is. And in places, in spite of itself, it almost has something to say.

The hero of *Lionel Asbo* is Desmond Pepperdine, a bright, levelheaded boy growing up in seedy Diston. (It's too bad he and Keisha never meet; they have a lot in common.) But the book's actual subject is Desmond's uncle Lionel Asbo, whose last name is an acronym for Anti-Social Behaviour Order. Lionel is a thug, one in a long line of Amis thugs. (Much of Amis's oeuvre consists of English petty criminals trying and failing to pronounce the phoneme *th*.) Lionel's mild-mannered nephew appalls him: "I despair of you sometimes, Des. Why aren't you out smashing up windows? It's not healthy."

Then Lionel wins £140 million in a lottery, and away we go. The strength of

the premise isn't its originality—Lionel is essentially a more loutish Beverly Hillsbilly—and there is a finite number of times one can watch Lionel get thrown out of fancy hotels. But it's a high number, and in between you get some marvelous set pieces, the kind of beautiful, non-depressive writing about ugly things that Smith opts out of in *NW*:

*In Diston there were many thousands of pylons, and they all sizzled. The worst stretch of Cuttle Canal was as active as a geyser: it spat and splatted, blowing thick-lipped kisses to the hastening passers-by. Beyond Jupes Lane sprawled Stung Meancheys (so christened by its inhabitants, who were Korean), a twelve-acre dump of house-high electronic waste, old computers, televisions, phones and fridges: lead, mercury, beryllium, aluminium. Diston hummed. Background radiation, background music for a half-life of fifty-five years.*

*Lionel Asbo* and *NW* have, oddly, more or less the same theme: they're about the perils of upward mobility. In an age of massive wealth disparity, people are increasingly defined by their wealth or lack thereof, and the gulfs between them become correspondingly massive. They're constantly urged to climb ladders, but having climbed them they discover that they've left irreplaceable parts of themselves behind. As Natalie says of a contemporary who burned out, "She had been asked to pass the entirety of herself through a hole that would accept only part."

Lionel at one point tries to make sense of the whole disaster, even though he's even more ill equipped to do so than Natalie. "The rich world... is heavy," he tells a reporter. "Everything weighs. Because it's here for the duration. It's here to stay... And my old world, Diston as was, it's... it's light! Nothing weighs an ounce! People die! It, things—fly away!... So that's me challenge. To go from the floating world... to the heavy." In his own way, he's discovered the same thing that Natalie does: you can't go from one world to another—not and still be you.

## California Dreaming: Pulitzer winner Michael Chabon returns with an epic of family, friends, funk and kung fu

While Smith and Amis were busy mapping the tangled networks of the black and white under- and overclasses in London, Michael Chabon was doing the same for Berkeley and Oakland in California. *Telegraph Avenue* tracks the interactions between three pairs of characters circa 2004: Nat and Archie, who co-own a used-music store called Brokeland Records; Aviva and Gwen, who run a midwifery clinic (and are married

to Nat and Archie); and Julius and Titus, the couples' teenage sons, who are, more or less, lovers. Orbiting this complex system are Archie's father Luther, a blaxploitation-era kung fu master, and Gibson Goode, a football star turned entrepreneur who wants to open a megastore that will put Brokeland out of business faster than it was getting there already. As these power nerds try to balance their passions with the realities of

love and money, Senator Barack Obama makes a startling, rather eloquent cameo: "The lucky ones," he observes, "are... the ones who find work that means something to them. That they can really put their heart into, however foolish it might look to other people."

Chabon, who at one point reels off a 12-page sentence without breaking a sweat, proves once again that his stylistic kung fu is the strongest. —L.G.





# IT'S MY TEAM.

**Susie Castillo**, New England Patriots fan — Miss USA 2003

When it comes to football, I stick to my superstitions. That includes wearing my team colors!

**Summer Sanders**, San Francisco 49ers fan — Olympic gold medalist

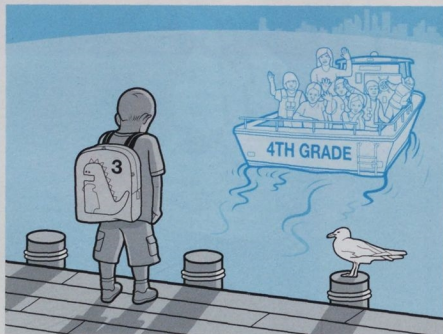
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# Education



## Retrograde. Is it smart to hold back third-graders who can't read well?

By Kayla Webley

IF YOU WANT KIDS TO SUCCEED IN SCHOOL, LOOK NO further than the third grade. So says a body of research showing that if kids haven't mastered reading by then, their ability to keep up in other subjects starts to decline. That has led 32 states to adopt policies specifically targeting third-grade reading skills. In 2012, 13 states have passed laws that aim to identify struggling readers and intervene before they reach fourth grade; 14 have gone so far as to require schools to hold back third-graders who don't score high enough on the state reading test. Legislators advocating intervention have seized on studies like the one published last year by Donald Hernandez, a sociology professor at the City University of New York, that analyzed the reading scores and graduation rates of nearly 4,000 students born from 1979 to 1989 and found that 1 in 6 who couldn't read at grade level by third grade didn't finish high school by age 19—four times the rate of proficient readers. Better to keep them back when they're young, advocates argue, to help them catch up.

But doing so is a pricey proposition: the U.S. already spends an estimated \$12 billion a year on K-12 students who are repeating a grade. And the new laws requiring thousands of kids to sit through third grade a second time go against a half-century of education policy. Schools

have long argued that “social promotion”—pushing students on the bubble up to the next grade—is better than subjecting them to bullying from their peers and other potentially detrimental effects that often coincide with repeating a grade. Numerous studies have shown that students who are held back have less confidence and less attachment to school, which makes them more likely to drop out.

It's hard to know whether academic deficits are the cause of kids' social problems or the result of them. In August the Brookings Institution shed new light on this debate when it released a report that attempts to isolate the impact of a child's being held back from other factors, including poverty and parental involvement. The study's author, Professor Martin West of Harvard's Graduate School of Education, looked at the outcomes of thousands of students in Florida, which since 2003 has been holding back third-graders who fail the state reading test and providing them with extensive remediation. (In the policy's first year, 21,799 students had to repeat third grade, up from 4,819 the previous year.) West studied two very similar groups of kids—one group scored exactly at the cutoff on Florida's third-grade reading test, and the other scored just one point above—and found that by the time they were in eighth grade, students who repeated third grade scored higher on reading and math tests than their peers who had been promoted to fourth grade without a hitch.

It's worth noting, however, that Florida doesn't simply make children repeat third grade. Students who are held back are to be assigned to a high-performing teacher and get 90 minutes of research-based reading instruction each day, and the state has started to give struggling readers more help as early as kindergarten. In other words, there's not some magical aspect to third grade. “That shift from learning to read to reading to learn is much more of a gradual transition than a sudden event,” West says. These policies, he adds, “are meant to serve as an accountability device to ensure that all students receive sound instruction in reading in the early grades.” It's hard to argue with that.

**10%**

Percentage of K-8 students nationwide who are held back for one or more years; this includes nearly 25% of low-income K-8 students

**\$10,700**

Average cost for a child to repeat a school year

**14**

Number of states that have started forcing schools to hold back third-graders who don't pass state reading tests

**21,799**

Number of third-graders Florida held back in the first year of its mandatory retention policy—quadruple the number from the previous year

## Start the year with the power to collaborate.

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## Joel Stein



## The Paper Chase

Asking for tax returns is amateur. Mitt, cough up your kindergarten records!

**T**HE MEDIA'S SHOW-ME-YOUR-PAPERS circus—demanding Obama's birth certificate and Romney's tax returns—disgusted me, since all these journalists were so clearly just pandering for attention. Attention I was missing out on. I clearly needed to launch my own demand for papers. I would write about it in my column, yell about it on cable news shows and chant about it at rallies. I'd then parlay my fame into hosting my own talk show. I would choose which presidential candidate to target on the basis of whether MSNBC or Fox News had a time slot in ratings trouble.

campaign is about his ability to get people working; his kindergarten grades will tell us if he really does play well with others. "I can see Jon Stewart doing jokes about this," McKinnon e-mailed me. But then I asked him if he would advise the campaign to release the kindergarten records. "My advice to campaigns: Get it all out," he said. "America wants to know." If Romney immediately coughed up reports of unwillingness to share toys, I wouldn't be able to complain about his refusal all over TV.

Clearly I needed to practice my technique on a lower-profile politician, preferably one who would return my call

we're in Afghanistan." I'm pretty sure the silly season started a tiny bit earlier, when the governor of Montana prank-called my mom.

**I asked the governor what he would do** if I asked to see his kindergarten report card. "I'd probably tell you to go to hell," he said. How about his income taxes from before he was governor? "I'd tell you to go to hell," he said. It turns out his answer to almost all of my demands was "Go to hell," though every so often I lucked upon "It's none of your damn business."

Eventually I found out that Governor Schweitzer seems to own a lot of guns. But he won't reveal how many, which obviously means it's way too many guns—even for Montana. I believe this is something the public should know, especially since he sometimes tells the public's mom that

Shockingly, there are still a lot of documents that haven't been demanded from either campaign. Where is the paper showing that Paul Ryan is qualified to teach P90X fitness classes to his fellow Congressmen? When was the last time President Obama, who has admitted to doing cocaine as a teenager, had a urine test? And I need to see all of Mitt Romney's skin-care and hair-care receipts so I can try to look as handsome as he is.

**Unsure which of these would get me** the most attention, I contacted Mark McKinnon, who was a senior media adviser to the George W. Bush and John McCain campaigns. He told me to drop the drug-test demand since it's too offensive and would be ignored. He suggested asking a candidate for his kindergarten report card, which seemed like a good idea. Romney's

within a business day. So I left a message with Brian Schweitzer, the Democratic governor of Montana. Unfortunately, the governor called a half hour earlier than scheduled, and I was visiting my mother in New Jersey, so she answered the phone.

"This is Brian Schweitzer," he said.

"Do you know who I am?"

"No," said my mom.

"I'm a stalker of his. And he's not going to be happy to hear from me," the governor said.

"Joel," my mom said, handing me the phone, "there's a man on the phone. He says he's a stalker of yours." My mom is what the Department of Homeland Security would call a soft target.

I explained that I was on a show-me-your-papers crusade. He sighed. "It's starting to be the silly season. Meanwhile, I can't get anybody to explain to me why

he's stalking the public. When I said I could probably dig up this information since guns have to be registered, he got incensed. "There ain't nobody I need to register a gun with. If I buy a gun from a buddy of mine or Craigslist or go to a gun show or if somebody gives me one, that's not any of your business." He bought four guns in that sentence alone.

I went on Twitter and demanded that Schweitzer stop hiding how many guns he has from the public. Then I moved on to my next Twitter attack: "Why won't @MittRomney reveal his Netflix queue? Has he had *Latter-day Night Live* out, unwatched, 4 months? Did he see *An Inconvenient Truth*?" If he doesn't respond soon, as I hope he won't, his campaign will be stuck in a queue quagmire, unable to effectively message. And I'll have a show after Lawrence O'Donnell's on MSNBC. ■

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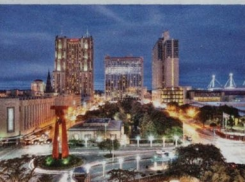
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# 10 Questions

Quayle helps run an investment-banking firm and sits on the board of a company that makes fuzzy dice



## Former Vice President **Dan Quayle** on picking a Veep, skipping the convention and selling dashboard decor

**Your son Ben is a Congressman in Arizona in a nasty primary battle. You didn't advise him against going into politics?**

No. When he decided to run, I said, It's your choice. We need good young men and women, of both parties, entering politics. There's a dearth of good folks in politics these days, unfortunately. His primary is Aug. 28, and it's a horse race, so I will watch the Republican Convention on TV.

**Does he come to you for advice?**

I'm probably more on the calling and giving advice than him soliciting it. He doesn't believe this, but I've told him it's much more difficult to be the parent than the candidate.

**Have you advised Paul Ryan?**

I've spoken to him. Obviously, he's young like I was. He's 42, and I was 47. He was probably put on the ticket because he's the next generation—his ideas, his energy—and so far he's living up to everybody's great expectations. We talked a little bit about what to expect from the handlers and from the media. His was the earliest announcement, I think, ever. It gave him plenty of time to build up to the convention. I told [Mitt] Romney to make sure not to [announce a running mate] the week of the convention. I'd like to have had a lot more time after I was chosen to get prepared for my introduction to the American people. I was formally asked

on Tuesday of the convention. And two hours later I showed up. I really wish I had had more time.

**What do you think is the biggest challenge facing the Republican Party right now?**

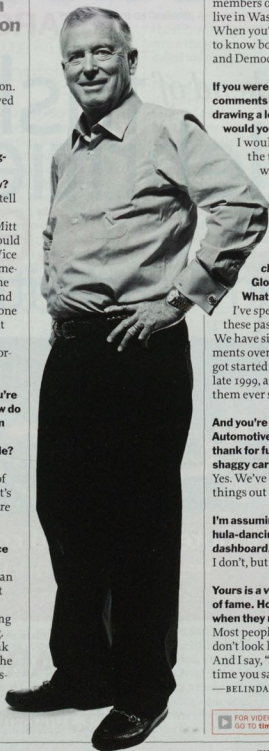
The biggest challenge is to tell a compelling story to the American people on why Mitt Romney and Paul Ryan should be the next President and Vice President. Simple terms sometimes win elections: "It's the economy, stupid." "Hope and change." Theirs should be one of opportunity. That's what they should focus on, how they're going to create opportunities, grow the pie.

**You endorsed Romney. You're a committed Christian. How do you get around the problem that the Book of Mormon seems to add on to the Bible?**

Faith is important in my life. It's important to a lot of people's lives, and I think it's important to keep that more private than public.

**Would you like to be in office now?**

I miss it. It's tough, and it can be very unfair at times, but you're there, making decisions, working hard, serving people—it's very fulfilling. But both my son and I think it's different now. Clearly the 24/7 news cycle is not necessarily helpful. When I was in office, we had one or two stories a day. I also think part of it is, the



members of Congress don't live in Washington anymore. When you're there, you get to know both Republicans and Democrats.

**If you were Todd Akin, whose comments about rape are drawing a lot of criticism, what would you do?**

I would heed the call of the three Senators who have indicated there should be somebody else [running for that seat].

**You're currently chairman of Cerberus Global Investments. What does that entail?**

I've spent a lot of time these past 13 years in Japan. We have significant investments over there. That's how I got started with them back in late 1999, and I've been with them ever since.

**And you're a director of Bell Automotive? I have you to thank for fuzzy dice and shaggy car seats?**

Yes. We've got all sorts of things out there.

**I'm assuming you have a hula-dancing girl on your dashboard.**

I don't, but I should.

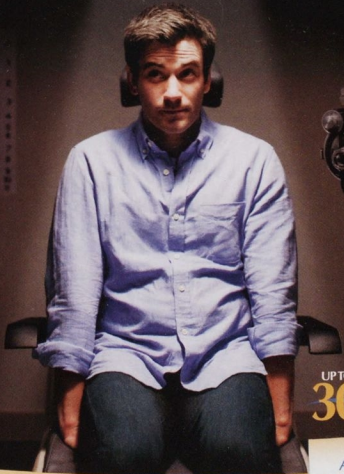
**Yours is a very particular type of fame. How do people react when they meet you?**

Most people say, "Gosh, you don't look like you do on TV." And I say, "When's the last time you saw me on TV?"

—BELINDA VUSCOMBE

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